D. Francisco Blanco García, Vice-Secretario no consejero del Consejo de Administración de Puig Brands, S.A.

Certifico:

- Los Estados Financieros de Propósito Especial correspondientes a los ejercicios 2021, 2022 y 2023 remitidos son copia fiel de lo originales formulados por el Consejo de Administración el 19 de Marzo de 2024 y firmados por todos los administradores.

- Los Estados Financieros de Propósito Especial correspondientes a los ejercicios 2021, 2022 y 2023 remitidos, se corresponden con los auditados.

- El informe de auditoría de los Estados Financieros de Propósito Especial correspondientes a los ejercicios 2021, 2022 y 2023 es copia fiel del original firmado por el auditor.

Francisco Blanco García

Independent Auditor's Report in accordance with International Standards on Auditing

PUIG BRANDS, S.A. and Subsidiaries
Special Purpose Consolidated Financial Statements
for the years ended December 31, 2023, 2022 and 2021

Building a better working world

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INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH INTERNATIONAL STANDARDS ON AUDITING

To the Shareholders of PUIG BRANDS, S.A.

Opinion

We have audited the Special Purpose Consolidated Financial Statements (the "consolidated financial statements") of Puig Brands, S.A. (the "Company") and Subsidiaries (together, "the Group"), which comprise the consolidated balance sheet as at December 31, 2023, 2022 and 2021, 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 years then ended, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2023, 2022 and 2021 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (IFRS-EU).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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

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

The directors of the Company are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (IFRS-EU) (see Note 2), 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 Company's directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, 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 Company's internal control.

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

- Conclude on the appropriateness of the 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 Company'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 Company 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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.

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de Censors Jurats
de Comptes
de Catalunya

ERNST & YOUNG, S.L.

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ERNST & YOUNG, S.L.

Francesc Maynou Fernández

April 5, 2024

PUIG

PUIG BRANDS, S.A. AND SUBSIDIARIES

Special purpose consolidated financial statements for the years 2023, 2022 and 2021

PUIG

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PUIG

Consolidated balance sheet

(Thousand euros)	Notes	2023	2022	2021
ASSETS				
Property, plant, and equipment	14	326,341	271,094	210,971
Intangible assets	15	4,114,267	4,062,277	2,660,758
Right-of-use assets	16	287,922	239,873	188,653
Investments in associates and joint ventures	17	375,212	344,824	346,456
Financial investments	18	16,359	14,154	9,595
Other non-current assets	18	131,444	102,615	62,637
Deferred tax assets	13	146,562	123,897	85,066
Total non-current assets		**5,398,107**	**5,158,734**	**3,564,136**
Inventories	19	788,866	626,333	363,134
Trade accounts receivable	18	484,705	387,936	317,254
Other current assets	20	186,709	232,059	153,664
Cash and cash equivalents	21	852,901	710,050	692,659
Total current assets		**2,313,181**	**1,956,378**	**1,526,711**
TOTAL ASSETS		**7,711,288**	**7,115,112**	**5,090,847**
LIABILITIES				
Share capital	22	144,000	114,700	4,203
Reserves and retained earnings		1,087,933	877,796	1,127,890
Unrealized gains (losses) reserve		10,935	30,255	(8,458)
Treasury shares		(105,907)	-	-
Interim dividend		(80,000)	-	-
Cumulative translation adjustment		(107,055)	(77,902)	(83,220)
Equity attributable to the Parent Company		**949,906**	**944,849**	**1,040,415**
Non-controlling interests	22	9,303	6,748	8,068
Total equity		**959,209**	**951,597**	**1,048,483**
Bank borrowings	24	1,788,846	1,662,311	826,606
Deferred tax liabilities	13	553,741	552,629	398,852
Provisions and other liabilities	26	2,759,606	2,753,941	1,844,186
Total non-current liabilities		**5,102,193**	**4,968,881**	**3,069,644**
Bank borrowings	24	358,371	177,001	145,987
Trade accounts payable		212,072	238,887	166,542
Other current liabilities	28	1,024,124	749,650	641,993
Income tax	13	55,319	29,096	18,198
Total current liabilities		**1,649,886**	**1,194,634**	**972,720**
TOTAL LIABILITIES AND EQUITY		**7,711,288**	**7,115,112**	**5,090,847**

PUIG

Consolidated income statement

(Thousand euros)	Notes	2023	2022	2021
Net revenues	**5, 6, 7**	**4,304,067**	**3,619,603**	**2,585,012**
Cost of sales	8	(1,088,904)	(926,969)	(699,906)
Gross profit		**3,215,163**	**2,692,634**	**1,885,106**
Distribution expenses		(217,685)	(221,663)	(138,235)
Advertising and promotion expenses		(1,338,144)	(1,099,676)	(838,962)
Selling, general and administrative expenses		(966,364)	(834,800)	(556,331)
Operating profit		**692,970**	**536,495**	**351,578**
Other operational income and expenses	9	(13,764)	(43,528)	34,951
Operational profit		**679,206**	**492,967**	**386,529**
Financial result	12	(87,403)	(34,864)	(62,362)
Result from associates and joint ventures and impairment of financial assets	17	51,347	55,621	28,494
Profit before tax		**643,150**	**513,724**	**352,661**
Income tax	13	(143,262)	(101,201)	(153,745)
Net profit for the year		**499,888**	**412,523**	**198,916**
Non-controlling interests		(34,679)	(13,033)	22,123
Net profit attributable to the Parent Company		**465,209**	**399,490**	**221,039**

PUIG

Consolidated statement of comprehensive income

(Thousand euros)	2023	2022	2021
Profit/(loss) for the year	**499,888**	**412,523**	**198,916**
Comprehensive income in equity			
Net gains (losses) from cash flow hedges	(23,541)	50,644	(18,582)
Income tax on items that may be reclassified to the income statement	6,618	(11,931)	2,691
Translation difference gain /(losses)	(28,491)	(4,355)	(21,876)
Items that may be reclassified to the income statement	**(45,414)**	**43,068**	**(37,767)**
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**	**161,149**
Attributed to:			
The Parent Company	417,610	442,558	183,272
Non-controlling interests	34,467	13,033	(22,123)

PUIG

Consolidated statement of changes in equity

(Thousand euros)	Capital (Note 22)	Reserves (Note 22)	Interim Dividend	Treasury shares	Unrealized gains (losses) reserve	Cumulative translation adjustment	Non-controlling interests	Total
	Equity attributable to the Parent Company							
Balance at December 31, 2020	**4,203**	**1,313,676**	**-**	**-**	**7,433**	**(61,344)**	**5,826**	**1,269,794**
Balance at January 1, 2021	**4,203**	**1,313,676**	**-**	**-**	**7,433**	**(61,344)**	**5,826**	**1,269,794**
Total consolidated comprehensive profit for the year		221,039			(15,891)	(21,876)	(22,123)	**161,149**
Transactions with shareholders								
Shareholders contributions	-	190,089	-	-	-	-	-	190,089
Dividends paid	-	-	-	-	-	-	(20,482)	(20,482)
Acquisition of non-controlling interests	-	(53,408)	-	-	-	-	-	(53,408)
Other changes in equity								
Put-Call options	-	(515,409)	-	-	-	-	-	(515,409)
Reclassification of non-controlling interests	-	(44,847)	-	-	-	-	44,847	-
Other changes in equity	-	16,750	-	-	-	-	-	16,750
Balance at December 31, 2021	**4,203**	**1,127,890**	**-**	**-**	**(8,458)**	**(83,220)**	**8,068**	**1,048,483**
Balance at January 1, 2022	**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-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**

Consolidated statement of changes in equity (continued)

(Thousand euros)	Equity attributable to the Parent Company: Capital (Note 22)	Reserves (Note 22)	Interim Dividend	Treasury shares	Unrealized gains (losses) reserve	Cumulative translation adjustment	Non-controlling interests	Total
Balance at December 31, 2022	**114,700**	**877,796**	**-**	**-**	**30,255**	**(77,902)**	**6,748**	**951,597**
Balance at January 1, 2023	**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
Dividends 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-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**

PUIG

Consolidated cash flow statement

(Thousand euros)	Note	2023	2022	2021
Cash flows from operating activities				
Profit / (loss) attributable to the Parent Company		465,209	399,490	221,039
Profit / (loss) attributable to non-controlling interests		34,679	13,033	(22,123)
Elimination of expenses and income with no impact on cash flows:				
Depreciation and Amortization	11	169,704	144,953	106,524
Deferred tax expense / income	13	(19,370)	(32,774)	67,892
Other financial income / expenses		5,098	3,024	1,300
Financial expenses	12	54,364	29,968	25,570
Other adjustments		26,223	17,340	16,435
Capital gains and losses on disposals of assets		(457)	69	32
Other non-current assets and liabilities		66,787	58,676	55,407
Profit / (Loss) from associates and joint ventures	17	(51,347)	(55,621)	(28,494)
Gross cash flow		**750,890**	**578,158**	**443,582**
Changes in working capital	29	(194,416)	(158,424)	67,442
Net cash from operating activities (I)		**556,474**	**419,734**	**511,024**
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible	14 - 15	(177,919)	(151,587)	(77,218)
Disposals of property, plant and equipment and intangible		1,391	538	137
Dividends received	17	25,464	19,934	-
Changes in other financial assets	18	(4,602)	(9,454)	(30,504)
Business Combinations (net of cash)	4	-	(840,189)	4,368
Acquisition non-controlling interests		(51,900)	(42,208)	(29,840)
Loans issued to related parties (net)		(79,082)	(24,597)	(11,933)
Net cash from investing activities (II)		**(286,648)**	**(1,047,563)**	**(144,990)**
Cash flows from financing activities				
Treasury shares	22	(108,392)	-	-
Dividends paid	22	(181,323)	(132,005)	(20,482)
Issuance bank borrowings	24	429,780	993,102	286,908
Repayment bank borrowings and interests	24	(175,307)	(164,421)	(577,357)
Repayment of lease debt	16	(62,767)	(52,140)	(31,319)
Net cash from financing activities (III)		**(98,009)**	**644,536**	**(342,250)**
Net effect of changes in exchange rates (IV)		**(28,966)**	**684**	**(888)**
Change in cash and cash equivalents (I+II+III+IV)		**142,851**	**17,391**	**22,896**
Cash and cash equivalents at beginning of the year		**710,050**	**692,659**	**669,763**
CASH AND CASH EQUIVALENTS AT DECEMBER 31		**852,901**	**710,050**	**692,659**

Notes to the Consolidated Financial Statements

PUIG

1. CORPORATE INFORMATION

1.1. Preparation of the Special Purpose Financial statements

Puig Brands, S.A. ("Parent Company", the "Company" or "Puig Brands"), formerly known as 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.

These special purpose consolidated financial statements of Puig Brands and its subsidiaries ("Puig" or the "Group") for the years 2023, 2022 and 2021 have been prepared by the directors of Puig Brands on March 19, 2024, in Barcelona, Spain.

These special purpose financial statements have been prepared solely in connection with the proposed initial public offering to be carried out by the Parent on the Spanish Stock Exchanges ("Offering"), and then, separate consolidated annual accounts of Puig Brands and its subsidiaries will be prepared for the year ended December 31, 2023, in a separate document, and filed at the Spanish Mercantile Registry to fulfil the legal statutory requirements.

Until December 31, 2022, the ultimate parent company for accounting purposes was Puig S.L., whose consolidated annual accounts as of and for the years ended December 31, 2022, and 2021 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 explanations about this contribution (note 2.1 below). 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

In connection with the proposed Offering, certain transactions were carried out by Puig within the perimeter under their control (thereafter "Internal reorganization"), in order to set the desired legal perimeter, which are summarized as follows:

<u>Transfer of Apivita and Uriage to Puig, S.L.</u>

As part of the Internal reorganization the following transactions took place:

1.a) Apivita

- Puig, S.L. acquired 33.33% of Apivita, S.A. in December 2020, from a third party in exchange for cash consideration of 40,000 thousand euros, and then accounted for this investment using the equity method as of December 31, 2020.

- In January 2021, Puig, S.L. took control of the remaining 66.66%, by:

    - A non-monetary contribution from Exea Ventures, S.L. of 90% of the shares of Apivita Ventures, S.L. (of which the only asset was a 66.66% stake in Apivita, S.A).

    - The acquisition by Puig, S.L. of the remaining 10% of the shares.

1.b) Uriage

In January 2021, Puig, S.L. took control of a 100% stake of Aubelia, S.A.S., parent company of Uriage business, through the following transactions:

- A non-monetary contribution from Exea Ventures, S.L. of 90% of the shares.

- Acquisition of the remaining 10% of the shares, in exchange for a cash consideration of 50,540 thousand euros plus an earn-out to be paid before the end of 2022.

Exea Ventures, S.L. is a company controlled by the Puig Family, and consequently, the contributions made by Exea Ventures, S.L. to Puig, S.L. of the Apivita and Uriage businesses were accounted for as business combinations under common control, applying the pooling of interest method (see further explanation about this treatment in Note 2.1.).

Contribution of Puig, S.L. to Puig Brands, S.A.:

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 subsidiaries and affiliates (including assets and liabilities, as well as personnel required to perform such functions).

- Centralized financing activities (including assets and liabilities, as well as personnel required to perform such functions).

As indicated in Note 2, the Company has prepared these special purpose consolidated financial statements under International Financial Reporting Standards as 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 Puig, S.L. Group ("pre-existing Group") in which the Contribution has not resulted in a change of the controlling shareholder, and therefore, these consolidated financial statements are, in essence, a continuation of the operations of the aforementioned pre-existing Group.

Therefore, for the purposes of the consolidated financial statements of Puig Brands, the transactions within the scope of the Contribution have been accounted for from January 1, 2021, and for the two full years ended December 31, 2022 and 2021, based on the values of those transactions in the historical consolidated financial statements of Puig, S.L. (as the Contribution took place as of June 30, 2022).

1.3. History

Puig is a global player in the Premium Beauty industry, home of iconic brands across Fragrance and Fashion, Make-up 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 (Environmen-tal, 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 en-sure 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 partners.

The company's ambition and determination have underpinned its international expansion since 1962, when it founded its first subsidiary outside Spain, and has helped it spread its activity across all continents. This extensive global presence is managed from the Barcelona headquarters. Puig has production plants in Europe (6) and In-dia (1), with brand headquarters and subsidiaries in 30 countries.

2. BASIS OF PRESENTATION

2.1. Basis of presentation

These special purpose consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021 of Puig Brands, S.A.U. and subsidiaries (hereinafter referred to as the "consolidated financial statements") have been prepared by the Company's Directors, in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (IFRS-EU).

The consolidated financial statements, have neither been previously approved nor audited, since the Company has never prepared consolidated financial statements before. Until the year ended December 31, 2022, consolidated annual accounts were approved and audited at the level of Puig, S.L., the Company's Sole Shareholder. Consequently, Puig Brands, S.A. was exempted from preparing consolidated annual accounts, since consolidated annual accounts for the larger group were prepared to an equivalent set of accounting standards and were publicly available.

The figures in these consolidated financial statements are presented in thousands of euros unless otherwise indicated.

These consolidated financial statements have been prepared on a going concern basis, in the absence of doubts as to 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 financial statements 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 financial statements 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 from December 31 2020, and for the two full years ended December 31, 2022 and 2021, based on the values of the transactions that these companies had in the consolidated financial statements of Puig, S.L.

In relation to the changes in the pre-existing Group's perimeter that occurred during the two years historical period presented in these special purpose financial statements, the Company followed the criteria previously used by its Sole Shareholder, in accordance with IFRS-EU, for the purposes of the preparation of the consolidated annual accounts for the years ended December 31, 2022, and 2021.

As stated in Note 1, the Group gained control of the Apivita and Uriage businesses, formerly controlled by the Puig Family, in January 2021.

As set forth in paragraph 2 of IFRS 3, “Business combinations” in operations under common control, acquisitions or transfers of assets will not be within the scope of that standard. Paragraph 10 of IAS 8, “Accounting policies, changes in accounting estimates and errors” states that “in the absence of an IFRS-EU that is applicable to a transaction or other facts or conditions, the Sole Shareholder use professional judgment in the development and application of an accounting policy”.

Regarding the consideration of business, the conclusion was based on the content of paragraphs 17 and 18 of the “Basis for conclusions” of IFRS 3. In relation to whether the transaction is considered a transaction under common control, this was based on the content of the application guide of IFRS 3 on “Business combinations under common control”, specifically on the paragraphs B1, B3 and B4 of the standard.

In accordance with the above, the Sole Shareholder of the Company carried out an analysis for the purposes of the consolidated annual accounts of Puig, S.L. for the year ended December 31, 2021, and concluded that the Apivita and Uriage contributions were constitutive of a business, and the transaction would meet the definition of a transaction under common control. Consequently, in the absence of IFRS-EU regulation, and pursuant to paragraph 10 of IAS 8, the Sole Shareholder considered that these contributions should be accounted for in accordance with the Pooling of interest criteria described in US GAAP, specifically, ASC 805 standard, which is considered the most appropriate framework for these purposes, and the guidance used in practice in similar reorganizations reporting under IFRS.

Consequently, the Sole Shareholder of the Company accounted for the Apivita and Uriage contributions at the carrying amounts that those businesses had in the companies under common control at the date of the transfer. For the purposes of presenting these transactions in the consolidated annual accounts of Puig, S.L., the Sole Shareholder adopted the prospective approach, which is permitted as a policy choice, and consequently, presented these transactions prospectively, from January 2021, which was the date when the pre-existing Group took control of these businesses, after the contribution made by its ultimate common-controlled shareholders.

In the case of Apivita, the initial acquisition of a 33.33% interest acquired from a third party in December 2020, which was recorded as an investment under equity method at that date, and the subsequent control obtained in January 2021, through the contribution made by companies under common control (60%), and the acquisition of the remaining minority interest from a related party (6.67%), is considered as a step acquisition in accordance with IFRS 3. Nevertheless, considering the short period of time occurred between the transactions, and the fact that the initial transaction was executed with a third party and then considered to be done at fair value, no remeasurement of the equity method investment would apply, and the difference between net assets consolidated using the pooling of interest method and the elimination of the equity method investment has been recorded within equity.

For the purposes of the presentation of these special purpose financial statements, the Contribution of Puig, S.L. to Puig Brands, S.A. has been accounted retrospectively, as if it would have happened since December 31, 2020, as in essence, such Contribution is a continuation of the pre-existing Group, with no change in economic substance or real alteration of the composition of the Group's property.

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

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, 2020 amounted to 20.7 million euros (2021: 4.8 million euros; 2022: (9,3) million euros) and the Puig, S.L. result 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, 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.'s shareholders before the Contribution is treated, for accounting purposes, as a dividend paid by Puig Brands, S.A. in these special purpose financial statements.

The consolidated balance sheet as of December 31, 2023, and the statement of changes in equity for the year then ended of Puig Brands 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 Statement of Cash Flows

The consolidated income statements, consolidated statements of comprehensive income and consolidated cash flow statement for the years ended December 31, 2021 and 2022 of Puig Brands and subsidiaries correspond to the consolidated income statements, consolidated statements of comprehensive income and consolidated cash flows statement of Puig, S.L. for the corresponding years[1], as if the Contribution described in Note 1 would have occurred at the beginning of those periods (based on accounting treatment explained in Note 2.1 above).

[1] Except for the results generated after the contribution amounting to 0.1 million euros (July-December 2022 period) and certain reclassifications made in the statements of cash flows to align the presentation in accordance with IFRS 7.

In this regard, the equity of Puig Brands after the Contribution was executed as of June 30, 2022, incorporates (in other reserves through the non-monetary contributions) the accumulated reserves and full results of Puig, S.L. Group, 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, consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended December 31, 2023, of Puig Brands and subsidiaries have been prepared based on the legal consolidated perimeter, as the internal reorganization described in Note 1 occurred in prior years.

2.2. Basis of consolidation

The consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021 of Puig Brands, S.A. and subsidiaries have been prepared in accordance with IFRS-EU, based on the accounting records maintained by the Sole Shareholder and the other subsidiaries included in Puig S.L.'s consolidated annual accounts over the historical period prior to the Contribution described in Note 1.

As per 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 from December 31, 2020, and for the three full years ended December 31, 2023, 2022 and 2021, based on the values of the transactions that these 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 presented under "non-controlling interests" and "Profit attributable to non-controlling interests", respectively.

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.

Apivita was consolidated under the equity method as of December 31, 2020 (Note 2.1, 2.4 and 4). From January 2021, control was taken by the pre-existing Group and consequently, it was consolidated using the full consolidation 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 Disclosure Information

The consolidated financial statements of the Company as of and for the years ended December 31, 2023, 2022 and 2021 have been prepared in accordance with the IFRS-EU.

The accounting policies used in the preparation of these consolidated financial statements are the same as those applied in the consolidated annual accounts of Puig, S.L., and its subsidiaries as of and for the years ended December 31, 2022, and 2021, except for the following standards, interpretations, and amendments that have been applied for the first time in 2023 which have been fully implemented as of January 1, 2021.

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

Puig has not experienced significant impacts on these consolidated financial statements.

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, and the amounts recognized as part of the cost of related assets must be recognized.

The recognition of these deferred taxes also applies to 2022 and 2021. The impact on these consolidated financial statements, as a whole, is not material (4 million euros of increase in reserves).

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.

Standards and interpretations issued by the IASB but not applicable in this 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 these consolidated financial statements, the changes in the perimeter have been considered as follows:

- For the years ended December 31, 2022, and 2021, changes in the perimeter are considered the changes that occurred at Puig, S.L. and subsidiaries, as the parent of the pre-existing Group, based on the accounting treatment for the Contribution described in paragraph 2.1. above.
- For the year ended December 31, 2023, changes in the perimeter are considered the changes occurred at the Puig Brands level.

The main changes that occurred during the years ended December 31, 2022, and 2021, are summarized as follows, as stated in Note 4:

a. Byredo:

Acquisition of a 77% interest 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% 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).

c. Uriage:

As explained in Note 1, during January 2021, Puig acquired a 100% stake in the Uriage business, by acquiring 10% from a third-party and 90% through a non-monetary contribution made by an entity under common control of the Puig Family. Both transactions occurred in January 2021 and have been considered simultaneous, so for accounting purposes, they have not been accounted for as an acquisition in steps (see further details about these transactions in Note 1).

Since January 2021, Uriage has been accounted for using the full consolidation method. The non-monetary contribution has been accounted for using the pooling of interest method, as explained in Note 2.1. above.

d. Apivita:

As explained in Note 1, the Company owned 33.33% of Apivita, S.A. since December 2020, after acquiring it from a third party, and then accounted for this investment using the equity method as of December 31, 2020.

In January 2021, Puig, S.L. took control of the remaining 66.66%, by acquiring 6.66% from a third-party and 60% through a non-monetary contribution made by an entity under common control of Puig Family. Both transactions occurred in January 2021 and have been considered simultaneous, so for accounting purposes, they have been not accounted for as an acquisition in steps (see further details about these transactions in Note 1).

Since January 2021, the Apivita business has been accounted for using the full consolidation method. The non-monetary contribution has been accounted for using the pooling of interest method, as explained in Note 2.1. above.

e. Scent Library:

In June 2021, Puig acquired 15% of the shares of the company Beijing Yitian Shidai Trading Co, LLC. (Scent Library) from a third party, a fragrance company located in China. Puig is considered to exercise significant influence over the company by having a presence on its board of directors, and therefore, the company is consolidated under the equity method (Note 17).

Annex I provide additional information on the companies included in the scope of these consolidated financial statements.

3. ACCOUNTING POLICIES

The consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) as of December 31, 2023.

In accordance with the amendments to IAS 1, effective from January 1, 2023, the material accounting policies, and the 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:

- It calculates the value at which the non-controlling interests (minorities) should have been recorded according to IFRS 10.
- Subsequently, at the year-end closing, minority interests are accounted for as if they were acquired on that date.
- 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 combination 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. Investments 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.

Exchange rate applied at year end were as follows:

Argentinian Peso	2023	2022	2021
Year-end exchange rate	894,7	189,8	116,8

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 asset category	Depreciation Method	Useful life
Buildings	Straight-line	33 years
Machinery and tool	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 assets 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	**Useful life**
Brands	Indefinite
Software and ERP	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 share-based payments

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 rights

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 measurement of the right-of-use asset

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

- The amount of the initial measurement of the lease liability.
- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs incurred by the lessee.
- 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.
- 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:

- Fixed payments less any lease incentives receivable.
- 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.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- 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 designated at fair value through Other Comprehensive Income (OCI)

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:

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

- 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.
- 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:

- At year-end exchange rate.
- 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 judgements

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 28).
- The fair value of financial instruments and certain unquoted financial assets (notes 18 and 25).
- Assumptions used in determining the fair values of liabilities related to business combinations (notes 3.1 and 26). 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

Puig carried out several acquisitions during 2021 and 2022. During 2022, 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 the control over these businesses (Note 3.1). During 2021, took control of Apivita and Uriage through non-monetary contributions from entities under common control.

All these companies have a strong character and history and share a strong commitment to sustainability and a direct-to-consumer 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 for the three transactions carried out in 2022 amounting to 10 million euros (mainly arising from the Byredo acquisition) were recorded in the income statement for the year ended December 31, 2022 (Note 9).

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

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:

(Thousand 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 26).

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 26).

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:

(Thousand 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 are 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 3.15% 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.

In addition, put and call options have been agreed for the acquisition of the 33.3% of the shares executable in the long term. The valuation is based on an adjusted multiple linked to the business performance. At the acquisition date the valuation of this option amounted to 17,755 thousand euros which have been registered as a liability (Note 3.1).

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:

(Thousand 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.

4.4. Aubelia, S.A.S (Uriage)

As described in Note 1, in January 2021, Puig received a non-monetary contribution from Exea Ventures, S.L. of the 90% of shares of Aubelia, S.A.S. (Uriage). Uriage is a French entity engaged in the production and sales of dermo-cosmetic products.

This non-monetary contribution has been identified as a business combination under common control (Note 3.2), where the assets and liabilities are recorded in the consolidated financial statements at the carrying values that those assets and liabilities had on the consolidated financial statements of the previous group owner entity at the date of the non-monetary contribution.

The net carrying amounts of assets and liabilities of Uriage at the non-monetary contribution date, were as follows:

(Thousand euros)	Net Carrying Amount
Long term assets	186,545
Cash and equivalents	1,328
Other current assets	72,056
Non-current liabilities	(69,878)
Current liabilities	(32,863)
Total Net Assets	**157,188**

Uriage assets and liabilities are denominated in euros.

Simultaneously with the contribution received, in January 2021, Puig purchased the remaining 10% of the shares of Aubelia, S.A.S. for 50.5 million euros plus a variable payment of 5 million euros. As of December 31, 2021, a 28 million euros liability remained, due to the outstanding payment (note 28), which was paid in 2022.

The impact in Puig's reserves arising from the business combination under common control amounted to 101,7 million euros (being 141,4 million euros of shareholders contribution deducted by 39,7 million euros impact of the acquisition of the minority which had been performed in the same period).

After the abovementioned transactions, Puig holds 100% of Aubelia, S.A.S.

4.5. Apivita Ventures, S.L. (Apivita)

In January 2021, Puig received a non-monetary contribution from Exea Ventures, S.L. 90% of shares of Apivita Ventures, S.L. (Apivita) which owned 66.7% of Apivita, S.A., a Greek entity engaged in the production and sales of dermo-cosmetic products. In December 2020, Puig, S.L. acquired the 33.3% of the stake of Apivita, S.A. from a third party.

After the non-monetary contribution, Puig obtained control over Apivita and it has been identified as a business combination under common control (Note 3.2), where the assets and liabilities are recorded in the consolidated financial statements at the carrying values that those assets and liabilities had on the consolidated financial statements of the previous group owner entity at the date of the non-monetary contribution. Until December 31, 2020, Apivita, S.A. was consolidated using the equity method as Puig held a 33.3% stake (Note 17).

The net carrying amounts of assets and liabilities at the non-monetary contribution date were as follows:

(Thousand euros)	Net Carrying Amount
Long term assets	84,151
Cash and equivalents	3,040
Other current assets	29,067
Non-current liabilities	(16,238)
Current liabilities	(18,987)
Total Net Assets	**81,033**

Apivita's assets and liabilities are denominated in euros.

In addition, in January 2021, Puig purchased the remaining 10% of the shares of Apivita Ventures, S.L. for 5 million euros plus a variable payment of 1 million euros. As of December 31, 2021, a 3 million euros liability remained due to the outstanding payment (Note 28), which was paid in 2022. The positive impact in other reserves due to the acquisition of the minority interest in Apivita amounted to 2,103 thousand euros in 2021.

The impact in Puig's reserves arising from the business combination under common control amounted to 35 million euros (being 48,6 million euros of shareholders contribution deducted by 13,8 million euros impact of the acquisition of the minority and the elimination of the equity method investment held).

After the abovementioned transactions, Puig holds 100% of Apivita Ventures, S.L. and Apivita, S.A.

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	587,191	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**

2021

(Thousand euros)	Net Revenues	Operating profit	Depreciation ** and Impairment	Operational assets
Fragrance & Fashion	1,901,952	296,227	81,850	1,193,385
Make-up	413,298	19,778	14,393	1,854,454
Skincare	274,939	35,573	10,281	692,931
Intersegment eliminations	(5,177)	(*)	-	-
	2,585,012	**351,578**	**106,524**	**3,740,770**

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

** Depreciation and impairment are presented jointly in 2023, 2022 and 2021, as the impairment was not significant (note 14) and was fully allocated to Fragrance & Fashion.

The other operational income and expenses, financial results, taxes and liabilities are not disclosed as they do not form part of the key business indicators defined above or of the segment information reported periodically to the senior management and board of directors of Puig.

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

(Thousand euros)	2023	2022	2021
Fixed assets	326,341	271,094	210,971
Intangible assets	4,114,267	4,062,277	2,660,758
Right-of-use assets	287,922	239,873	188,653
Inventories	788,866	626,333	363,134
Trade accounts receivable	484,705	387,936	317,254
Total operational assets	**6,002,101**	**5,587,513**	**3,740,770**
Corporate assets	**1,709,187**	**1,527,599**	**1,350,077**
Total assets	**7,711,288**	**7,115,112**	**5,090,847**

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

(Thousand 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

(Thousand euros)	Net Revenues	Operational assets
EMEA	1,959,898	3,015,464
Americas	1,311,885	1,577,252
Asia-Pacific	347,821	994,796
	3,619,603	**5,587,513**

2021

(Thousand euros)	Net Revenues	Operational assets
EMEA	1,497,972	2,443,200
Americas	838,954	891,884
Asia-Pacific	248,086	405,686
	2,585,012	**3,740,770**

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, 2021: 258,832 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:

(Thousand euros)	2023	2022	2021
Gross sales	4,793,239	4,048,775	2,902,369
Royalty income	26,440	23,121	18,886
Sales rebates	(448,213)	(383,095)	(289,255)
Sales returns	(67,399)	(69,198)	(46,988)
Net revenues	**4,304,067**	**3,619,603**	**2,585,012**

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; 2021: 336,243 thousand euros in 2021).

Puig does not have any customer with sales volume exceeding 10% of Puig's net revenues.

8. COST OF SALES

The breakdown of this line item is as follows:

(Thousand euros)	2023	2022	2021
Procurement and production costs	1,226,551	1,143,584	732,812
Inventory losses	50,170	25,079	22,419
Gross inventory variation	(187,817)	(241,694)	(55,325)
	1,088,904	**926,969**	**699,906**

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

(Thousand euros)	2023	2022	2021
Restructuring costs	(1,342)	(8,720)	-
Transaction costs	(7,965)	(23,224)	-
Other	(4,457)	(11,584)	34,951
	(13,764)	**(43,528)**	**34,951**

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. In 2021, this caption mainly included an extraordinary income resulting from the termination of a license agreement.

10. OPERATING EXPENSES

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

(Thousand euros)	2023	2022	2021
Employee benefits expense	761,103	638,558	470,627
Lease expenses (Note 16)	16,014	14,050	10,116
Research and development expenses	-	28,592	22,677
	810,325	**681,200**	**503,420**

In 2023 Puig’s average headcount was 9,612 employees, of whom 7,017 were female, 2,522 were male and 73 were non-binary/undisclosed (2022: 8,844 employees, of whom 6,542 were female, 2,265 were male and 37 were non-binary/undisclosed; 2021: 7,047 employees, of whom 5,372 were female, 1,662 were male 13 were non-binary/undisclosed).

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**
2021					
Senior executives	96	87	-	183	185
Sales and Marketing	478	1,760	2	2,240	2,215
Point of sale personnel	237	2,086	7	2,330	2,280
Technicians	584	1,032	4	1,620	1,510
Administrative	13	106	-	119	173
Production staff	295	417	-	712	684
	1,703	**5,488**	**13**	**7,204**	**7,047**

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	2021
Senior executives	-	-	-
Sales and Marketing	1	-	1
Point of sale personnel	1	1	1
Technicians and Administrative	14	13	8
Production staff	10	15	13
	26	**29**	**23**

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; 2021: 12 members, 11 men and 1 woman).

Employee expenses

(Thousand euros)	2023	2022	2021
Wages and salaries	554,812	441,328	335,360
Social security costs	110,562	87,924	71,212
Pension costs	11,713	12,928	8,364
Additional employee expenses	84,016	96,378	55,691
	761,103	**638,558**	**470,627**

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 and 36,876 thousand euros in 2021), restructuring costs in 2023 amounting 1,342 thousand euros (2022: 8,720 thousand euros; 2021: nil), indemnities amounting to 8,584 thousand euros (2022: 8,386 thousand euros; 2021: 5,892 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:

(Thousand euros)	2023	2022	2021
Depreciation charge, intangible assets (Note 15)	32,903	26,966	19,567
Depreciation and impairment charge, PP&E (Note 14)	70,975	64,248	49,886
Depreciation charge, right-of-use assets (Note 16)	65,826	53,739	37,071
	169,704	**144,953**	**106,524**

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

12. FINANCIAL RESULT

(Thousand euros)	2023	2022	2021
Finance income from investments in financial institutions and others	21,978	13,667	2,682
Finance income with related parties (Note 32)	2,009	2,600	2,532
Other finance income	19,609	22,976	-
Total Finance income	**43,596**	**39,243**	**5,214**
Finance costs from bank borrowings, commissions and other	(54,364)	(29,968)	(25,571)
Finance lease expenses (Note 16)	(5,098)	(3,024)	(1,300)
Other finance costs (Note 26)	(25,810)	(31,227)	(43,609)
Total Finance costs	**(85,272)**	**(64,219)**	**(70,480)**
Exchange gains (losses) (net)	(45,727)	(9,888)	2,904
Total Exchange result	**(45,727)**	**(9,888)**	**2,904**
Financial Result	**(87,403)**	**(34,864)**	**(62,362)**

Finance 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; 2021: 1,159 thousand euros).

Other financial income in 2023 corresponds to the change in the valuation of the earn outs (Note 26).

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 24). 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 26).

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 records 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:

(Thousand euros)	**2023**	**2022**	**2021**
Assets			
Non-current deferred tax assets	146,562	123,897	85,066
Short-term assets for tax refunds (Note 20)	85,623	51,500	41,530
Liabilities			
Non-current deferred tax liabilities	(553,741)	(552,629)	(398,852)
Short-term liabilities for tax payment (Note 28)	(71,177)	(59,156)	(46,215)
Short-term income tax liabilities	(55,319)	(29,096)	(18,198)
	(448,052)	**(465,484)**	**(336,669)**

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:

(Thousand euros)	2023	2022	2021
Profit/(loss) before tax	**643,150**	**513,724**	**352,661**
Tax rate applicable in Spain (25%)	(160,787)	(128,431)	(88,165)
Net permanent differences and tax incentives and credits	6,312	18,337	(8,407)
Non-capitalized tax losses used for the year impact	(208)	614	-
Effect of application of different tax rates	10,761	4,081	5,783
Deferred taxes impact due to tax rate variations	342	4,429	(71,204)
Deferred tax loss capitalization from prior years	1,577	-	8,874
Other adjustments	(1,259)	(231)	(626)
Income tax / (expense)	**(143,262)**	**(101,201)**	**(153,745)**
Effective tax rate	**22.3%**	**19.7%**	**43.6%**

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.

In 2021, a change in the tax rate was announced and the law was considered substantively enacted in the United Kingdom to set the main rate of corporate income tax up to 25%, which led to the remeasurement of the deferred tax balances. This change had an impact of 70,654 thousand euros mainly related to the deferred tax liabilities arising from business combinations. This impact explains the higher effective tax rate in 2021.

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:

(Thousand euros)	2023	2022	2021
Current income tax	(162,632)	(133,975)	(85,853)
Deferred income tax	19,370	32,774	(67,892)
	(143,262)	**(101,201)**	**(153,745)**

Deferred taxes

(Thousand euros)	2023	2022	2021
Deferred tax liabilities			
Intangible assets from business combinations	521,216	518,358	383,614
Derivatives	4,013	10,519	-
Other	28,512	23,752	15,238
	553,741	**552,629**	**398,852**
Deferred tax assets			
Intra-group transactions	30,133	24,205	13,303
Capitalized tax loss carryforwards	23,242	21,217	20,648
Provisions	14,007	23,114	19,322
Others	79,180	55,361	31,793
	146,562	**123,897**	**85,066**

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:

(Thousand euros)	2023	2022	2021
Deferred tax assets at begining of the year	123,897	*85,066*	80,857
Deferred tax liabilities at begining of the year	(552,629)	*(398,852)*	(283,799)
Charged/(credited) to the income statement	19,370	32,774	(67,892)
Charged/(credited) to equity	6,618	(11,931)	2,691
Business combinations	-	(152,880)	(29,766)
Translation and others	(4,435)	17,092	(15,877)
Deferred tax assets at the end of the year	146,562	*123,897*	85,066
Deferred tax liabilities at the end of the year	(553,741)	*(552,629)*	(398,852)

At December 31, 2023 Puig had non-capitalized unused tax loss carry forwards amounting to 32 million euros (2022: 32.5 million euros; 2021: 15.9 million euros). Additionally, at the same date Puig had no unused tax credits.

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

(Thousand euros)	2023	2022	2021
Less than 5 years	24,923	18,981	9,059
More than 5 years and indefinitely	6,983	13,548	6,834
	31,906	**32,529**	**15,893**

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, 2021	222,934	208,895	135,634	3,464	570,927
Additions	8,131	14,277	28,589	148	51,145
Disposals	(7,385)	(3,546)	(4,653)	(449)	(16,033)
Transfers and others	3,546	(4,018)	921	(17)	432
Business combination (Note 4)	24,400	42,852	11,246	140	78,638
Translation differences	2,963	198	4,274	(498)	6,937
At December 31, 2021	254,589	258,658	176,011	2,788	692,046
Accumulated depreciation					
At January 1, 2021	(130,440)	(157,747)	(99,228)	(2,935)	(390,350)
Depreciation (note 11)	(11,183)	(15,818)	(22,396)	(128)	(49,525)
Disposals	6,147	3,130	3,532	424	13,233
Transfers and others	(3,426)	3,441	(416)	(50)	(451)
Business combination (note 4)	(13,619)	24,085)	(9,561)	(23)	(47,288)
Translation differences	(1,466)	(65)	(2,944)	(30)	(4,505)
At December 31, 2021	(153,987)	(191,144)	(131,013)	(2,742)	(478,886)
Accumulated impairment					
At January 1, 2021	-	(1,412)	(416)	-	(1,828)
Impairment (note 11)	(383)	22	-	-	(361)
At December 31, 2021	(383)	(1,390)	416)	-	(2,189)
Net at January 1, 2021	**92,494**	**49,736**	**35,990**	**529**	**178,749**
Net at December 31, 2021	**100,219**	**66,124**	**44,582**	**46**	**210,971**

(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**

(Thousand euros)	Land and buildings	Machinery and tools	Office furniture and other equipment	Fixed assets under construction and Others	Total
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, 2023	(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, 2022 and 2021 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 (2021: 286,310 thousand euros).

As of December 31, 2023, 2022 and 2021 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. None of the property, plant and equipment items contain impairment on their net book value.

15. INTANGIBLE ASSETS

The breakdown of intangible assets is as follows:

(Thousand euros)	Goodwill	Brands	Software	Other	Total
Cost					
At January 1, 2021	872,870	1,389,960	111,456	102,065	2,476,351
Additions	-	-	19,533	6,540	26,073
Disposals and write-off	-	(22)	(17,152)	(317)	(17,491)
Business combination (note 4)	108,199	112,463	7,117	4,370	232,149
Reclassification and others	9,932	-	(5)	(44)	9,883
Translation differences	46,344	71,586	1,301	1,502	120,733
At December 31, 2021	1,037,345	1,573,987	122,250	114,116	2,847,698
Accumulated depreciation					
At January 1, 2021	-	(39,448)	(83,096)	(31,107)	(153,651)
Depreciation (note 11)	-	(4)	(14,445)	(5,118)	(19,567)
Disposals and write-off	-	-	17,142	138	17,280
Business combination (note 4)	-	(763)	(4,698)	229	(5,232)
Reclassification and others	-	-	-	15	15
Translation differences	-	(136)	(541)	(13)	(690)
At December 31, 2021	-	(40,351)	(85,638)	(35,856)	(161,845)
Accumulated impairment					
At January 1, 2021	(25,095)	-	-	-	(25,095)
Impairment (note 11)	-	-	-	-	-
At December 31, 2021	(25,095)	-	-	-	(25,095)
Net at January 1, 2021	**847,775**	**1,350,512**	**28,360**	**70,958**	**2,297,605**
Net at December 31, 2021	**1,012,250**	**1,533,636**	**36,612**	**78,260**	**2,660,758**

(Thousand euros)	Goodwill	Brands	Software	Other	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**

(Thousand euros)	Goodwill	Brands	Software	Other	Total
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, 2022 and 2021 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:

(Thousand euros)	2023	2022	2021
Charlotte Tilbury	1,119,669	1,097,095	1,158,007
Byredo	619,000	619,000	-
Jean Paul Gaultier	111,770	111,770	111,770
Dries Van Noten	76,302	76,302	76,302
Uriage	76,137	76,137	76,137
Kama Ayurveda	42,372	44,160	-
Nina Ricci	37,031	37,031	37,031
Penhaligon’s	34,654	33,955	35,840
Apivita	35,559	35,559	35,559
Loto del Sur	17,551	14,439	-
L’Artisan Parfumeur	2,990	2,990	2,990
Total	**2,173,035**	**2,148,438**	**1,533,636**

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. In 2021 Puig consolidated Uriage and Apivita brands.

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; 2021: 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, 2022 and 2021 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 net 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 net of depreciation and impairment.

2021

Cash-generating unit	Operating Segment	Gross Value (*)	Net Value	WACC Pre-tax	WACC Post-tax	Long-term growth rate
Charlotte Tilbury	Skincare & make-up	1,921,364	1,921,364	9.4%	7.7%	2.50%
Dries Van Noten	Fragrance & fashion	181,399	166,399	10.0%	8.0%	2.00%
Uriage	Skincare	152,092	152,092	11.2%	8.5%	2.00%
Jean Paul Gaultier	Fragrance & fashion	117,359	117,359	10.3%	8.0%	2.00%
Apivita	Skincare	67,667	67,667	12.5%	10.0%	5.00%
Penhaligon’s	Fragrance & fashion	64,047	64,047	10.0%	8.5%	2.00%
Nina Ricci	Fragrance & fashion	37,031	37,031	10.6%	8.6%	2.00%
L’Artisan Parfumeur	Fragrance & fashion	7,176	7,176	10.6%	8.5%	2.00%

(*) Gross value net 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 in 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 and 287,231 thousand euros in 2022 and 2021, respectively).

- 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 (would not entail any adjustment in 2022 and 35,383 thousand euros in 2021, respectively).

- 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 and 114,789 thousand euros in 2022 and 2021, respectively).

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:

(Thousand euros)	2023	2022	2021
Land and buildings	278,632	234,874	184,237
Machinery and tools	3,657	1,544	1,790
Office furniture and other equipment	5,633	3,455	2,626
Total Right-of-use assets	**287,922**	**239,873**	**188,653**

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

(Thousand euros)	Cost	Depreciation	Net carrying amount
At January 1, 2021	253,661	(60,228)	193,433
Additions	19,376	(37,071)	(17,695)
Early terminations	(3,808)	1,045	(2,763)
Business combinations (note 4)	16,881	(6,186)	10,695
Translation differences	6,860	(1,877)	4,983
At December 31, 2021	**292,970**	**(104,317)**	**188,653**
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 2023, 2022 and 2021 mainly correspond to new shops and office buildings in all regions. There are no impairments over Right-of-use assets.

Business combinations in 2022 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:

(Thousand euros)	2023	2022	2021
Non-current liabilities (Note 26)	255,561	208,698	167,160
Current liabilities (Note 28)	58,074	43,916	37,286
	313,635	**252,614**	**204,446**

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

(Thousand euros)	2023	2022	2021
Balance at January 1	252,614	204,446	208,022
Additions	124,096	82,699	19,376
Early terminations	(4,775)	(1,714)	(2,878)
Translation differences	(631)	(1,992)	4,606
Business combinations (note 4)	-	25,413	10,712
Lease payments	(62,767)	(52,140)	(31,319)
Interests	5,098	3,024	1,300
Reclassifications and other	-	(7,122)	(5,373)
	313,635	**252,614**	**204,446**

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:

(Thousand euros)	2023	2022	2021
Depreciation of right-of-use assets (Note 16.1)	(65,826)	(53,739)	(37,071)
Finance costs (Note 16.2)	(5,098)	(3,024)	(1,300)
Expenses relating to leases of low-value assets, short-term and variable payments	(16,014)	(14,050)	(10,116)
	(86,938)	**(70,813)**	**(48,487)**

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

(Thousand euros)	2023	2022	2021
Debt maturing in more than 4 years	122,322	85,701	87,004
Debt maturing between 2 and 4 years	81,264	79,483	51,416
Debt maturing between 1 and 2 years	51,975	43,514	28,740
Debt maturing in less than 1 year	58,074	43,916	37,286
Total Lease liabilities	**313,635**	**252,614**	**204,446**

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:

(Thousand euros)	% ownership	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 at December 31, 2023							**375,212**

(Thousand euros)	% ownership	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 at December 31, 2022							**344,824**

(Thousand euros)	% ownership	Total assets (*)	Total liabilities (*)	Net revenues (*)	Operatio nal profit (*)	Net profit (*)	Book value
Sociedad Textil Lonia, S.A. (Spain)	25%	466,159	188,162	328,176	49,901	36,951	125,275
Ponteland Distribuição, S.A. (Granado) (Brazil) (***)	35%	131,285	50,954	125,868	15,052	10,255	85,598
Isdin, S.A. (**) (***) (Spain)	50%	238,551	89,755	341,762	47,873	36,551	74,443
Beijing Yitian Shidai Trading Co, LLC (China) (***)	15%	32,214	2,270	20,131	(3,877)	(4,667)	31,831
Kama Ayurveda Private Ltd (India)	49%	19,772	8,034	14,777	(1,146)	(1,830)	24,501
Cosmetika, S.A.S (Colombia)	35%	1,802	468	5,738	1,606	1,033	4,808
Total at December 31, 2021							**346,456**

(*) Refers to the 100% of the companies

(**) Joint Venture.

(***) Amounts in local GAAP

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 reclassification of Apivita, S.A. in 2021 was due to the business combination of Apivita business (note 4).

In June 2021 Puig acquired shares in the company Beijing Yitian Shidai Trading Co, LLC. (Scent Library).

The movements in "Investments in associates" during the three years ended December 31, 2023, 2022, and 2021 were as follows:

(Thousand 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**

(Thousand euros)	Sociedad Textil Lonia, S.A.	Ponteland Distribuçao, S.A. (Granado)	Isdin, S.A.	Beijing Yitian Shidai Trading Co, LLC (Scent Library)	Kama Ayurveda Private Ltd (India)	Cosmetika S.A.S.	Total 2022
Opening balance 2022	**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**

(Thousands euros)	Sociedad Textil Lonia, S.A.	Ponteland Distribuçao, S.A. (Granado)	Isdin, S.A.	Beijing Yitian Shidai Trading Co, LLC (Scent Library)	Kama Ayurveda Private Ltd (India)	Cosmetika S.A.S.	Apivita, S.A.	Total 2021
Opening balance 2021	**110,037**	**142,032**	**56,167**	**-**	**36,253**	**5,870**	**40,000**	**390,359**
New investments	-	-	-	30,504	-	-	-	30,504
Profit/(loss)	9,238	2,216	18,276	(700)	(897)	361	-	28,494
Net impairment	6,000	-	-	-	(6,000)	-	-	-
Dividends received	-	-	-	-	-	-	-	-
Translation differences	-	(58,650)	-	2,027	(4,855)	(1,423)	-	(62,901)
Reclassifications and disposals	-	-	-	-	-	-	(40,000)	(40,000)
Closing Balance 2021	**125,275**	**85,598**	**74,443**	**31,831**	**24,501**	**4,808**	**-**	**346,456**

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.

In 2021, an impairment loss of 6,000 thousand euros was recognized on the interest held in Kama Ayurveda Private Ltd (India). Additionally, a 6,000 thousand euros reversal of impairment loss in Sociedad Textil Lonia, S.A. was recorded due to the recovery of retail after the pandemic.

As of December 2021, Sociedad Textil Lonia, S.A. and Kama Ayurveda Private Ltd had an impairment provision booked in its book value amounting to 9,000 thousand euros (reversed in 2022) and 36,000 thousand euros respectively.

Impairment test on investments in associates and joint ventures

The impairment test methodology does not differ significantly from that applied to intangible assets (see 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 breakdown discount rate (WACC) before tax and long-term growth rate for years 2023, 2022 and 2021 are as follows:

	2023			2022			2021		
Investment in associate	**WACC Pre-tax**	**WACC Post-tax**	**Long-term growth rate**	**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%	11.2%	8,5%	1.5%
Ponteland Distribuçao, S.A. (Granado)	19.9%	14,8%	5.2%	19.9%	14,8%	5.2%	16.9%	13,5%	5.0%
Isdin, S.A.	12.0%	9,5%	3.0%	11.4%	8,5%	2.5%	10.3%	8,0%	2.0%
Beijing Yitian Shidai Trading Co, LLC	17.3%	15,0%	5.0%	17.3%	15,0%	5.0%	-	-	-
Kama Ayurveda Private Ltd (India)	-	-	-	-	-	-	17.8%	14,0%	5.0%
Cosmetika S.A.S. (Colombia)	-	-	-	-	-	-	22.1%	16.0%	2.0%

Sensitivity analysis in 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 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; 2021: 25,836 thousand euros) and a positive impact of 2,095 thousand euros (2022: 2,174 thousand euros; 2021: 14,041 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; 2021: 10,372 thousand euros) and a negative impact of 778 thousand euros (2022: 1,050 thousand euros; 2021: 14,826 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; 2021: 16,804 thousand euros) and a negative impact of 3,227 thousand euros (2022: 2,261 thousand euros; 2021: 86,606 thousand euros in 2021), respectively.

18. FINANCIAL ASSETS

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

(Thousand euros)	2023	2022	2021
Non-current financial assets			
- Financial investments	16,359	14,154	9,595
- Other non-current assets	131,444	102,615	62,637
Current financial assets			
- Trade accounts receivable	484,705	387,936	317,254
- Other current assets (Note 20)	186,709	232,059	153,664
Total	**819,217**	**736,764**	**543,150**

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:

	Ownership			Changes in
	2023	2022	2021	Fair Value
Wemedia Shopping Network Holdings CO, Limited	6%	6%	7%	OCI
Adolfo Dominguez, S.A.	14%	14%	14%	OCI
Lanzatech Global, Inc	0.25%	-	-	OCI
La Bouche Rouge, S.A.S.	9%	9%	9%	P&L
Seedtag Advertising, S.L.	-	-	7%	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.

Total cost of these investments amounts to 35,635 thousand euros (2022: 31,033 thousand euros; 2021: 24,451 thousand euros). Total amount of impairments at December 2023 amounts to 19,276 thousand euros (2022: 16,879 thousand euros; 2021: 14,856 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:

(Thousand euros)	2023	2022	2021
Loans (Note 32)	98,048	18,966	19,667
Other assets at fair value	14,891	42,078	-
Deposits and other	18,505	41,571	42,970
Total Other non-current assets	**131,444**	**102,615**	**62,637**

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 (note 22 and 26).

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 25).

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:

(Thousand euros)	2023	2022	2021
Accounts receivable	491,584	402,814	333,299
Accounts receivable related parties (Note 32)	10,278	3,132	982
Provision for impairment	(17,157)	(18,010)	(17,027)
Total	**484,705**	**387,936**	**317,254**

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; 2021: 87 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			
(Thousand 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
2021	334,281	266,831	43,908	9,091	1,259	13,192

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:

(Thousand euros)	**2023**	**2022**	**2021**
Provision at January 1	18,010	17,027	15,843
Charge for the year	5,414	5,898	2,589
Utilized and cancelled during the year	(6,382)	(6,217)	(4,801)
Translation differences	115	(26)	218
Business combinations	-	1,328	3,178
Provision at December 31	**17,157**	**18,010**	**17,027**

At December 31, 2023 the balance accounts receivable includes items in foreign currency amounting to 377 million euros (2022: 291 million euros; 2021: 220 million euros).

19. INVENTORY

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

(Thousand euros)	2023	2022	2021
Raw materials	191,066	163,925	111,852
Work in progress	153,010	168,218	86,470
Finished goods	561,148	385,264	236,823
Inventory Gross	**905,224**	**717,407**	**435,145**
Provisions	(116,358)	(91,074)	(72,011)
Total	**788,866**	**626,333**	**363,134**

Provisions mainly refer to obsolete stocks and slow-moving products. The changes in 2022 were due to slow inventory turnover and scope changes due to the business combinations detailed in note 4. The movement of the provision over the three years ended December 31, were as follows:

(Thousand euros)	2023	2022	2021
Provisions at January 1	91,074	72,011	68,889
Charge in the income statement	50,170	25,079	22,419
Inventory write off	(25,227)	(24,049)	(21,665)
Translation differences	341	3,528	756
Business combinations	-	14,505	1,612
Provisions at December 31	**116,358**	**91,074**	**72,011**

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:

(Thousand euros)	2023	2022	2021
Prepaid expenses	48,010	52,670	31,827
Tax receivable from tax authorities (Note 13)	85,623	51,500	41,530
Loans to related entities (Note 32)	203	90,281	64,983
Financial assets at fair value (Note 25)	3,095	-	-
Receivable related parties (Note 32)	13,884	16,545	5,022
Other accounts receivable	35,894	21,063	10,302
Total	**186,709**	**232,059**	**153,664**

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 25). The breakdown as of December 31 thereof is as follows:

(Thousand euros)	2023	2022	2021
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:

(Thousand euros)	2023	2022	2021
Cash at banks	563,770	368,637	492,708
Cash equivalents	289,131	341,413	199,951
Total	**852,901**	**710,050**	**692,659**

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, 2021, Puig Brands' share capital amounted to 4,203 thousand euros and consisted of 9,340 shares with a par value of 450 euros each.

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

	2023	2022	2021
Puig, S.L.	95,8%	100%	100%
Treasury shares	1,3%	-	-
Other	2,9%	-	-
Total	**100%**	**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. (refer to Note 22 "reserves note") held by employees as part of the share appreciation rights plan (SAR's) as described in note 26 (thereafter, the "Shares Exchange").

Additionally, in 2023, Puig delivered 10,418,035 of shares to employees (SARs plan 2015-2018 and 2021-2023, note 26) and Board members.

The abovementioned 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, cancelling loans with related parties for 92,863 thousand euros and the compensation of receivables linked to the sale of Puig, S.L. and Puig, Gest, S.A. shares (refer to Note 22 "reserves note", 26 and 32) amounting to 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 26).

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 (2022: 25,945 thousand euros; 2021: 39,475 thousand euros).

Unrealized gains (losses) reserve

This reserve mainly includes the fair value at year end of hedging derivatives to cover future transactions in foreign currency (Note 25).

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.

(Thousand 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:

(Thousand 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:

	2023	2022	2021
Brazilian real	(60,284)	(67,636)	(81,156)
Great British Pound	24,709	26,442	30,486
Argentian peso	(40,822)	(24,055)	(18,532)
United States Dollar	(5,389)	3,141	238
Indian rupee	(10,712)	(8,536)	(4,865)
Others	(14,557)	(7,258)	(9,391)
Total	**(107,055)**	**(77,902)**	**(83,220)**

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, 2022 and 2021, reserves impact due to the call and put options in accordance with IFRS 10 amounted to 1,542 thousand euros, (410,085) thousand euros, and (515,409) thousand euros respectively (note 26). Additionally, the result of the above companies with minority interest was reclassified from non-controlling interests to reserves with an additional positive impact amounting to 11,265 in 2023 (2022: (9,944) thousand euros; 2021: (44,847) thousand euros in 2021).

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.

The impact in Puig's reserves arising from the business combination under common control of Uriage and Apivita amounted to 101,7 and 35 million euros respectively (Note 4), 190 million euros as shareholders contribution and (53) million euros as "Acquisition of non-controlling interests".

Non-controlling interests

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

(Thousand euros)	2023	2022	2021
Balance at January 1	**6,748**	**8,068**	**5,826**
Comprehensive income for the year to non-controlling interests	34,467	13,033	(22,123)
Dividends paid	(21,323)	(22,005)	(20,482)
Additions to and exclusions from the scope	(198)	(2,292)	-
Business combinations	-	428,915	-
Reclassification of put-call to long term liabilities (Note 26)	-	(428,915)	-
Reclassifications of minority interest with put and call options	(10,391)	9,944	44,847
Balance at December 31	**9,303**	**6,748**	**8,068**

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 26). Minority interest is reclassified from "non-controlling interest" 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 26).

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. EARNINGS PER SHARE

Basic earnings per share are calculated as follows:

	2023	2022	2021
Net profit attributable to the Parent Company (thousand euros)	465,209	399,490	221,039
Average of shares	379,513,507	133,124	9,340
Treasury shares	6,450,627	-	-
Average of shares to determine earnings per share	373,062,872	133,124	9,340
Earnings per share (euros)	1.25	3,001.89	23,665.86

The 2023 decrease in earnings per share is linked to the capital increase through a share premium capital conversion in March 2023 (note 22).

The 2022 decrease in earnings per share is linked to the capital increase through a non-monetary contribution (note 1) executed on June 30, 2022, which resulted in the issuance of 245,549 shares.

As of December 31, 2023, 2022, and 2021, there were no differences between diluted earnings per share and basic earnings per share.

24. BANK BORROWINGS

The breakdown of current and non-current borrowings at December 31, 2023, 2022 and 2021 were as follows:

(Thousand euros)	**2023**	**2022**	**2021**
Current			
Current portion of non-current borrowings	283,861	128,046	134,844
Bank loans and overdraft	74,510	48,955	11,143
Total	**358,371**	**177,001**	**145,987**
Non-current			
Non-current borrowings	1,788,846	1,662,311	826,606
Total	**1,788,846**	**1,662,311**	**826,606**

The movements in borrowings were as follows:

(Thousand euros)	2023	2022	2021
Balance at January 1	1,839,312	972,593	1,191,247
Additions to the scope of consolidation	-	7,310	46,204
Net Finance Cost	54,364	29,968	25,570
Proceeds from bank borrowings	429,780	993,102	286,908
Repayment of bank borrowings including finance cost	(175,307)	(164,421)	(577,357)
Translation differences	(932)	760	21
Total	**2,147,217**	**1,839,312**	**972,593**

As of December 31, 2023, the debt subject to variable interest rates without interest rate hedging amounted to 294 million euros (2022: 274 million euros; 2021: 359 million euros). 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 euros; 2021: 68 million euros). The debt subject to fixed interest rates amounted to 872 million euros (2022: 842 million euros; 2021: 546 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. In 2021, Puig cancelled several financing agreements amounting to 342 million euros and signed new long-term financing agreements for an overall amount of 280 million euros (corresponding to three financing agreements with several financial institutions). These loans accrue interest at a market rate.

Additionally, in 2021 Puig Brands successfully renegotiated several financing facilities with credit institutions, amounting to 320 million euros. This restructuring did not substantially modify the original agreements.

The breakdown of maturities was as follows at December 31:

(Thousand euros)	2023	2022	2021
2022	-	-	145,987
2023	-	177,001	138,607
2024	358,371	283,291	160,221
2025	510,068	492,719	256,002
2026	596,772	503,525	261,513
2027 and subsequent years	682,006	382,776	10,263
Total	**2,147,217**	**1,839,312**	**972,593**

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

(Thousand euros)	2023	2022	2021
2022	-	-	156,627
2023	-	215,706	146,755
2024	412,653	316,395	167,208
2025	552,677	519,542	261,267
2026	627,627	520,780	264,201
2027 and subsequent years	698,461	390,274	10,341
Total	**2,291,418**	**1,962,697**	**1,006,399**

As of December 31, 2023, 2022 and 2021 the Company had no bank loans secured by collaterals or guarantees.

As of December 31, 2023 the total unused amount of credit lines was 230 million euros (2022: 158 million euros; 2021: 157 million euros).

Borrowings were denominated in the following currencies at December 31:

(Thousand euros)	Effective interest rate %	2023	2022	2021
Euros	0.4%-6.8%	2,048,673	1,770,744	955,551
Other currencies	3.6%-17.1% (*)	98,544	68,568	17,042
Total		**2,147,217**	**1,839,312**	**972,593**

(*) Excluding interest rate 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; 2021: 918,000 thousand euros in 2021). The effective interest rates, considering interest rate swaps, on the amounts granted were 2,3% (2022: 1,5%; 2021: 1,0%).

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, 2022 and 2021, Puig complied with the financial ratio requirement.

25. 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 at 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 at December 31, 2022			**(1,367)**	**(899)**	**(2,265)**

At December 31, 2021 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
BRL/EUR	(128,375)	March 2022 - August 2022	(104)	-	(104)
CLP/EUR	(15,705,053)	March 2022 - October 2022	975	-	975
GBP/EUR	(46,188)	February 2022 - January 2023	(699)	-	(699)
MXN/EUR	(474,745)	March 2022 - September 2022	(552)	-	(552)
PEN/EUR	(17,176)	March 2022 - August 2022	2	-	2
RUB/EUR	(1,301,114)	March 2022 - November 2022	246	-	246
USD/EUR	(333,072)	January 2022 - July 2023	(9,952)	(339)	(10,291)
Total at December 31, 2021			**(10,084)**	**(339)**	**(10,423)**

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

At December 31, 2023, 2022 and 2021 Puig had entered into the following interest rate hedging arrangements:

2023

Description	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**

2022

Description	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**

2021

Description	Notional (0.00)	Maturity	Recognized in equity	Recognized in the income statement	Total
EUR	68,000	May 2025	57	-	57
EUR	**68,000**		**57**	**-**	**57**

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

Additionally, at December 31, 2023, 2022 and 2021 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 at 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 at December 31, 2022			**-**	**(1,599)**	**(1,599)**

Description	Notional 0.00	Maturity	Recognized in equity	Recognized in the income statement	Total
USD	(33,456)	January 2022	-	(52)	(52)
CAD	(4,859)	January 2022	-	15	15
MXN	(270,000)	January 2022	-	269	269
GBP	40,515	January - September 2022	-	(886)	(886)
TWD	30,847	January 2022	-	(5)	(5)
CHF	(6,199)	January 2022	-	37	37
Total at December 31, 2021			**-**	**(622)**	**(622)**

26. 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 (2022: 208,698; 2021: 167,160) (Note 16), is as follows:

(Thousand euros)	Liabilities from business combinations	Other Employee Benefits	Treasury shares commitments	Employee pension plans	Other	Total
January 1, 2021	938,943	6,388	-	6,438	73,460	1,025,229
Arising during the year recognized in profit and losses	43,609	36,876		1,060	(31,245)	50,300
Arising during the year recognized in retained earnings	515,409	-	-	-	-	515,409
Utilized	-	-	-	(1,116)	(915)	(2,031)
Translation differences	72,974	197	-	22	412	73,605
Business combinations		1,684	-	2,900	783	5,367
Reclassifications and others	-	-	-	-	9,147	9,147
At December 31, 2021	**1,570,935**	**45,145**	**-**	**9,304**	**51,642**	**1,677,026**
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
At 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
Reclassifications and others	(207,006)	(7,263)	-	(421)	(26,355)	(241,045)
At 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 exercise windows between the periods 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 28).

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, 2022 and 2021, the increase of the liabilities linked to the call and put options 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; 2021: 109 million euros).

The increase of these earn-outs in 2023, 2022 and 2021 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 valuation of the liabilities is linked would impact the liability recognized in the balance sheet as of December 31, 2023, resulting 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; 2021: increase of 151 million euros or decrease of 147 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 to either a 86 million euros decrease or a 53 million euros increase (2022: increase of 84 million euros or decrease of 79 million euros; 2021: increase of 70 million euros or decrease of 65 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 euros)	**2023**	**2022**	**2021**
Liability maturing more than 1 and less 3 years	1,125,074	259,000	19,909
Liability maturing between 3 and 5 years	325,296	1,169,978	1,111,426
Liability maturing in more than 5 years	727,295	954,030	439,600
	2,177,665	**2,383,008**	**1,570,935**

Employee benefits and other

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.

- *Plan 2021*

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 the shares based on a 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.

- *Plan 2015-2018*

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").

Number of SARs	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 (*)
2015 – 2018 (*)	40,494	-	-	40,494	-	-	40,494	(1,026,351)	4,853,644
2021 (**)	20,013,200	1,564,200	(338,800)	(734,324)	20,504,365	601,224	1,483,460	-	-
2021-2023 (*)	1,901,548	-	-	1,901,548	-	-	1,901,548	(1,901,548)	8,661,171

Number of SARs	Outstanding at January 1, 2022	Granted number	Forfeited number	Vested number	Outstanding at December 31, 2022	Exercisable at December 31, 2022	Delivered at December 31, 2022
2015 – 2018 (*)	40,494	—	—	—	40,494	—	—
2021 (**)	20,255,400	3,484,800	(2,376,000)	(1,350,360)	20,013,200	348,480	1,001,880
2021-2023 (*)	1,901,548	—	—	—	1,901,548		—

Number of SARs	Outstanding at January 1, 2021	Granted number	Forfeited number	Vested number	Outstanding at December 31, 2021	Exercisable at December 31, 2021	Delivered at December 31, 2021
2015 – 2018 (*)	23,497	16,997	-	-	40,494	-	-
2021 (**)	-	20,651,400	(396,000)	-	20,255,400	-	-
2021-2023 (*)	-	1,901,548	-	-	1,901,548	-	-

(*) 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.

(**) SARs related to the plan are for a Puig subsidiary.

Exercisable SARs includes shares already vested by the employees but not executed.

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 of Puig Gest, S.A. and 1,833,898 of Puig, S.L. shares) to 9,696,505 Puig Brands, S.A. shares (valued as 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 and 2021, 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 in 2022 and 370.17 in 2021.

For Plan 2021 the strike price of the shares of the subsidiary which granted the plan was 1.28 in 2023 (1.20 euros in 2022; 1.13 euros in 2021) and exercisable prices were 3.57 in 2023 (3.85 euros in 2022 and 3.32 euros in 2021).

For Plan 2021-2023 the strike prices of the shares of Puig, S.L. and Puig Gest, S.A. in 2022 were 91.43 euros and 568.61 euros respectively and in 2021, 91.43 euros and 568.61 euros respectively, being their respectively exercisable prices 148.49 euros and 934.63 euros in 2022 respectively, and 142.27 euros and 895.5 euros in 2021 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 and 2021 32,923 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 and 2021 4,625 thousand euros).

This caption also includes other employee benefits amounting to 9,048 thousand euros in 2023 (12,570 thousand euros in 2022 and 7,597 thousand euros in 2021).

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 plans

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 (2022: 8.5 million euros; 2021: 9.3 million euros).

The amounts recognized in equity are as follows:

(Thousand euros)	2023	2022	2021
Current service cost	713	708	1,060
Total (benefit)/expenses recognized in the income statement	**713**	**708**	**1,060**
Net actuarial (loss) / gains recognized	-	-	-
Actual return on plan assets	**-**	**-**	**-**

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

(Thousands of euros)	2023	2022	2021
Present value of related obligations	8,328	8,483	9,304
Net liabilities	**8,328**	**8,483**	**9,304**

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

(Thousand euros)	2023	2022	2021
At January 1	8,483	9,304	6,438
Net cost of the plan	712	725	1,082
Contributions / Benefits	(446)	(1,664)	(1,116)
Business combinations	-	118	2,900
Reclassifications	(421)	-	-
Net liabilities	**8,328**	**8,483**	**9,304**

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

	2023	2022	2021
Discount rates	3.6% - 4.2%	1%-2%	0.65%-2%
Expected wage increase	2.5%	2.5%-5%	2.5%-5%
Expected rate of return on plan assets	-	-	-
Average retirement age	62-65	62-65	62-65

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

27. OFF-BALANCE SHEET COMMITMENTS

At December 31, 2023, the Parent Company has granted bank guarantees amounting to 181 million euros (2022: 124 million euros; 2021: 114 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.

28. OTHER CURRENT LIABILITIES

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

(Thousand euros)	2023	2022	2021
Tax and social security debt (Note 13)	71,177	59,156	46,215
Accrued payroll	104,102	101,902	70,219
Operating provisions	201,949	197,195	137,842
Payables for other services	352,889	296,146	291,182
Financial liabilities at fair value (Note 25)	-	3,864	10,988
Other liabilities	24,634	37,410	47,909
Liabilities due to business combinations (Note 26)	207,006	-	-
Other liabilities related parties (Note 32)	4,293	10,061	352
Lease liabilities (Note 16)	58,074	43,916	37,286
Total	**1,024,124**	**749,650**	**641,993**

The increase in the caption accrued payroll was explained by the increase of the average headcount of Puig in 2022 (Note 10).

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

In 2021, other liabilities included the outstanding payment of the minority interest of Aubelia, S.A.S. (Note 4) amounting to 27,975 thousand euros and 3,275 thousand euros related to the acquisition of the minority interest of Apivita Ventures, S.L. (Note 4).

The “Other liabilities at fair value” caption mainly includes foreign currency fair value hedging derivatives and interest rate hedging derivatives (Note 25). The breakdown as of December 31 is as follows:

(Thousand euros)	2023	2022	2021
Foreign currency hedging (transactions)	-	2,265	10,423
Foreign currency hedging (loans)	-	1,599	622
Interest rate hedging	-	-	(57)
Total	**-**	**3,864**	**10,988**

29. 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.

a) 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%; 2021: 98%).

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:

(Thousand euros)	Increase/ (decrease) in USD	Effect on profit/ (loss)	Effect on equity
2023	**10%**	**8,015**	**12,131**
	(10%)	(8,015)	(12,131)
2022	**10%**	**5,791**	**4,405**
	(10%)	(5,791)	(4,405)
2021	**10%**	**5,942**	**4,392**
	(10%)	(5,942)	(4,392)

(Thousand euros)	Increase/ (decrease) in GBP	Effect on profit/ (loss)	Effect on equity
2023	**10%**	**(5,730)**	**(98,105)**
	(10%)	5,730	98,105
2022	**10%**	**(224)**	**(102,374)**
	(10%)	224	102,374
2021	**10%**	**(4,320)**	**(59,470)**
	(10%)	4,320	59,470

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; 2021: 57 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; 2021: 359 million euros), representative of 14% of the total bank debt (2022: 15%; 2021: 37%).

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; 2021: 6.3 million euros).

b) 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 and 2021: 334,281 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:

	2023	**2022**	**2021**
Financial investments	16,359	14,154	9,595
Other non-current assets	370,315	111,591	71,613
Trade and other receivables	484,705	387,936	317,254
Other current assets	186,709	232,059	153,664
Cash and cash equivalents	852,901	710,050	692,659
	1,910,989	**1,455,790**	**1,244,785**

c) 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 24) and Liabilities due to business combinations (Note 26) as of December 31 are as follows:

2023

(Thousand 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**

2022

(Thousand euros)	2023	2024	2025	2026	2027 and subsequen t years	Total
Bank Borrowings	177,001	283,291	492,719	503,525	382,776	1,839,312
Liabilities from business combinations	-	246,263	12,736	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**

2021

(Thousand euros)	2022	2023	2024	2025	2026 and subsequent years	Total
Bank Borrowings	145,987	138,607	160,221	256,002	271,776	972,593
Liabilities due to business combinations	-	-	19,909	-	1,551,026	1,570,935
Lease Liabilities	37,286	28,740	29,575	21,841	87,004	204,446
	183,273	**167,347**	**209,705**	**277,843**	**1,909,806**	**2,747,974**

d) 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:

(Thousand euros)	2023	2022	2021
Net Debt (*)	**1,509,700**	**1,272,629**	**399,730**
Adjusted Ebitda (*)	**862,674**	**681,448**	**458,102**
Net Debt Ratio (Net Debt/Adjusted ebitda)	**1.75x**	**1.87x**	**0.87x**

(*) Alternative Performance Measure (Annex III)

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.

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	2021
Inventory	(162,533)	(237,136)	(53,815)
Trade accounts receivable	(96,769)	(51,433)	(8,277)
Other Current Assets	42,255	(47,494)	(32,859)
Trade accounts payable	(26,815)	45,472	42,955
Other current Liabilities	49,446	132,167	119,438
Changes in working capital	**(194,416)**	**(158,424)**	**67,442**

30. OTHER DISCLOSURES

Auditors' and related Group companies' 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	2021
Audit services	2,021	1,514	1,175
Other assurance services	852	376	134
Total audit and similar services	**2,873**	**1,890**	**1,309**
Tax services	60	54	40
Other services	87	46	17
Total professional services	**3,020**	**1,990**	**1,366**

Additionally, net audit fees for services provided by auditors other than the main auditor amounts to 358 thousand euros in 2023 (316 thousand euros in 2022 and 131 thousand euros in 2021).

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:

(i) the subscription of a new contract with the CEO as well as the novation thereof.
(ii) the subscription of a new contract with the Executive Vice President as well as the novation thereof.
(iii) the designation of the beneficiaries of the renewal of a program for the acquisition of Class B shares of Puig.
(iv) the subscription of credit lines with different financial entities.
(v) the approval of two lease contracts in France and the United States, respectively.
(vi) 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; 2021: 12,192 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 and 11,136 thousand euros in 2022 and 2021 respectively).

Puig has paid Directors and Key Management liability insurance premiums in the amount of 175 thousand euros (2022: 130 thousand euros; 2021: 88 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; 2021: 14.673 thousand euros). The interest accrued related to the loans granted to the Key Management amounted to 1,577 thousand euros (2022: 219 thousand euros; 2021: 142 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 26, 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.

31. 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; 2021: 174 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; 2021: 1,869 thousand euros).

At 2023, 2022 and 2021 year end, 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.

32. RELATED PARTIES

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

(Thousand 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 to related parties
Entities with	2021	-	460	210	-	14,019	(143)
significant influence	2022	-	829	793	-	50,326	(9,679)
over Puig	2023	4	280	687	-	8,512	(4,049)
	2021	30,005	245	1,373	-	5,740	(108)
Associates	2022	33,973	324	-	19,934	7,483	(140)
	2023	44,022	2,226	-	25,464	15,761	(1,361)
	2021	31	9,470	949	-	56,221	(113)
Other related parties	2022	-	9,957	1,225	582	56,994	(286)
	2023	2	11,186	1,322	-	39,991	(177)

The transaction with entities with significant influence for the years ended December 31, 2023, 2022 and 2021, 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.

The transactions with associates for the years ended December 31, 2023, 2022 and 2021, 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.

The transactions with other related parties for the years ended December 31, 2023, 2022 and 2021, 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.

In 2021, Puig paid to entities with significant influence 6,996 thousand euros in order to liquidate the liability related to SARs (2015-2018 plan) which were vested during 2020.

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 have been settle in the treasury share acquisition (note 22) and 5,214 have been paid in cash.

Balances and transactions with minority shareholders are not considered in the above table (Note 26).

33. 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 scope of consolidation at December 31, 2023, 2022 and 2021 are as follows:

Full consolidation method

Name of the consolidated subsidiary	Address (Country)	Functional currency	Activity	Percentage of ownership		
				2023	2022	2021
Airparfum Timeless, S.L.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Commercial	100	100	70
Antonio Puig, S.A.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Holding, Manufacturing, Commercial	100	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	100
Apivita Ventures, S.L.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Holding	100	100	100
Aubelia S.A.S.	40-52, boulevard du Pars 92200 Neuilly-sur-Seine, France	EUR	Holding	100	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, Macao	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 Aventura LLC	251 Little Falls Drive, Wilmington, Delaware 19808, United States	USD	Commercial	Liquidated	77	-
Byredo Bal Harbour 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	100
Carolina Herrera UK Ltd.	5th Floor, Russell Square House, 10-12 Russell Square, London WC1B 5EH, United Kingdom	GBP	Commercial	Liquidated	Liquidated	100
Charlotte Tilbury Beauty (Macau) Limited	Avenida da Praia Grande, no. 409 China Law Building, 21st/F., Macau	MOP	Commercial	56	56	56
Charlotte Tilbury Beauty (Shanghai) Limited	15/F, No. 68, Yuyuan Road, Jing'an District, Shanghai, China	CNY	Commercial	56	56	56
Charlotte Tilbury Beauty Asia Pacific Limited	10th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong	HKD	Commercial	56	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	56
Charlotte Tilbury Beauty France SAS	9 Rue du Quatre Septembre, 75002 Paris, France	EUR	Commercial	56	56	56
Charlotte Tilbury Beauty Germany GmbH	Am Sandtorkai 68, c/o Fieldfisher, LLP, 20457 Hamburg, Germany	EUR	Commercial	56	56	56
Charlotte Tilbury Beauty Hong Kong Limited	10th Floor, Lee Garden Five, 18 Hysan Avenue, Causeway Bay, Hong Kong	KHD	Commercial	56	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	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	56
Charlotte Tilbury Beauty Limited España	Calle Claudio Coello 124 6-D, 28006 Madrid, Spain	EUR	Commercial	56	56	56
Charlotte Tilbury Beauty Limtied – Filiale a Italia	Piazza San Fedele 2, Milan, CAP 20121	EUR	Commercial	56	56	56
Charlotte Tilbury Beauty Netherlands BV	Regus, Amsterdam Sloterdijk, Kingsfordweg 151, Amsterdam, 1043 GR, Netherlands	GBP	Commercial	56	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	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	56
Charlotte Tilbury TM Limited	8 Surrey Street, London, WC2R 2ND, United Kingdom	GBP	Commercial	56	56	56
Cosmetika S.A.S.	Cra 7 # 180 - 75 Módulo 4 -14, Bogota, Colombia	COP	Commercial	67	67	35
Creano NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Commercial	100	70	70
Distribuidora Puig Chile Limitada	Avenida del Valle, 869, Piso 6, Comuna de Huechuraba, Chile	CLP	Commercial	100	100	100
División Puig España, S.L.U.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Commercial	Merged	100	100
DNV S.A.R.L.	3 Rue du Plâtre, 75004 Paris, France	EUR	Commercial	100	70	70
Dreamlike Ltd.	1 Cathedral Piazza, 123 Victoria Street, London SW1E 5BP, United Kingdom	-	Commercial	Liquidated	Liquidated	100
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	70
Dries Van Noten Group NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Holding	100	70	70

DVN USA CORP	90, State Street, Suite 700, Office 40, 12207, Albany, New York, United States	USD	Commercial	100	70	70
Eric Buterbaugh Florals LLC	Corporation Trust Center, 1209 Orange Street, Willmington, Delaware 19801, United States	-	Commercial	Liquidated	71	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	100
Het Modepaleis NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Commercial	100	70	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	100
Islestarr Holdings Limited	8 Surrey Street, London, WC2R 2ND, United Kingdom	GBP	Holding, Commercial	56	56	56
Jean Paul Gaultier, S.A.S.	325 Rue Saint Martin, 75003 Paris, France	EUR	Commercial	100	100	100
Kama Ayurveda Private Ltd	K3, Jungpura Extension, New Delhi – 110014, India	INR	Manufacturing, Commercial	85	85	49
L'Artisan Parfumeur S.A.R.L.	1 Rue Charles Tellier zone industrielle de Beaulieu 28000 Chartres, France	EUR	Commercial	100	100	100
Laboratoires Dermatologiques D'Uriage Belux S.P.R.L.	Boulevard International 55 boite D – 1070 Anderlecht, Belgium	EUR	Commercial	100	100	100
Laboratoires Dermatologiques D'Uriage Deutschland GmbH	Änderung zur Geschäftsanschrift Zirkusweg 2, 20359 Hamburg (Germany)	EUR	Commercial	100	100	100
Laboratoires Dermatologiques D'Uriage Espagne S.L.U.	Calle Cardenal Marcelo Spinola 4, 1º, 28016, Madrid, Spain	EUR	Commercial	100	100	100
Laboratoires Dermatologiques D'Uriage France S.A.S.	40-52, boulevard du Pars 92200 Neuilly-sur-Seine, France	EUR	Commercial	100	100	100
Laboratoires Dermatologiques D'Uriage Italie S.R.L	Via Maurizio Gonzaga n° 7 CAP 20123 Milano (Italia)	EUR	Commercial	100	100	100
Laboratoires Dermatologiques D'Uriage Portugal S.A.	Alameda dos Oceanos, Edifício Espace, Lote 1.06.1.4, Piso 3, Bloco A 1990-207 Lisbon, Portugal	EUR	Commercial	100	100	100
Laboratoires Dermatologiques D'Uriage Russie LLC	4, Yakimanskaya Naberezhnava, Building 1, 119180 Moscow, Russia	RUB	Commercial	100	100	100

Lendemain Distribution Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100	100
Nina Ricci S.A.R.L.	39 Ave. Montaigne, 75008, Paris, France	EUR	Commercial	100	100	100
Nina Ricci USA, Inc	183 Madison Avenue, 19th Floor, New York 10016, United States	-	Commercial	Merged	Merged	100
Paco Rabanne, S.A.S.	17 Rue François 1er, 75008 Paris, France	EUR	Commercial	100	100	100
Penhaligon’s Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100	100
Penhaligon’s Ltd.	1 Cathedral Piazza, 123 Victoria Street, London SW1E 5BP, United Kingdom	GBP	Commercial	100	100	100
Penhaligon’s Taiwan Ltd.	11F., No. 1, Songzhi Rd., Xinyi Dist., Taipei City 110, 3162027, Taiwan	TWD	Commercial	100	100	100
Penhaligon's (Singapore) Pte. Ltd.	80 Raffles Place, #25-01 UOB Plaza 1, 048624, Singapore	SGD	Commercial	100	100	100
Perfumes e Cosméticos Puig Portugal Distribuidora S.A.	Rua Castilho 71, 4º direito, 1250-068, Lisbon, Portugal	EUR	Commercial	100	100	100
Prado Investments Limited	280 Bishopsgate, London EC2M 4RB, London, England, UK	GBP	Holding	76	76	76
Puig (Hong Kong) Ltd (Penhaligon’s Pacific Ltd.)	10/F, West Exchange Tower, 322 Des Voeux Road Central, Sheung Wan, Hong Kong	HKD	Commercial	100	100	100
Puig (Macau) Limited (Penhaligon’s (Macau) Limited)	Av. de Praia Grande 371, Edificio Keng Ou, 22 andar A, Macau	MOP	Commercial	100	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	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	33
Puig Argentina S.A.	Calle Suipacha 1.111, 18º, C1008AAW, Buenos Aires, Argentina	ARS	Commercial	100	100	100
Puig Asia Pacific Pte Ltd.	80 Raffles Place, 17-20 UOB Plaza 2, 048624, Singapore	SGD	Commercial	100	100	100
Puig Belux, S.A.	Boulevard International 55D, 1070 Bruxelles, Belgium	EUR	Commercial	100	100	100
Puig Brands, S.A.	Plaza Europa 46-48, Hospitalet de Llobregat, Barcelona, Spain	EUR	Parent Company	100	100	100
Puig Brasil Comercializadora de Perfumes, S.A.	Avenida das Americas nº 3301,Bloque 03, Salas 202 E301 Barra da Tijuca, Rio de Janeiro, Brazil	BRL	Commercial	100	100	100

Puig Canada Inc.	2360 Bristol Circle, Suite 300, Oakville, Ontario L6H 6M5, Canada	CAD	Commercial	100	100	100
Puig Colombia S.A.S.	CR 7 NO. 97ª -13, Bogota D.C., Colombia	COP	Commercial	100	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	100
Puig Deutschland, GmbH	Astraturm Zirkusweg 2 D-20359, Hamburg, Germany	EUR	Commercial	100	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	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	100
Puig Italia, S.r.l.	Via San Prospero 1, 20123 Milan, Italy	EUR	Commercial	100	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	51
Puig Mexico, S.A. de C.V.	Jaime Balmes 11, Torre C, Piso 3, Plaza Polanco, Los Morales, México Distrito General, Mexico	MXN	Commercial	100	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	65
Puig Nederland B.V.	Polarisavenue 1-101. 2132 JH Hoofddorp, The Netherlands	EUR	Commercial	100	100	100
Puig North America, Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100	100
Puig Oceania Pty. Ltd.	Suite 502, Level 5, 388 George Street, Sydney NSW 2000, Australia	AUD	Commercial	100	100	100
Puig Östrerreich, GmbH	Leopold Ungar Platz 2, Stiege 2/ 1. Stock, 1190, Viena, Austria	EUR	Commercial	100	100	100
Puig Panamá, S.A.	Edificio Scotia Plaza nº 18, Av. Federico Boyd y C/ 51, pisos 9, 10 y 11, Panama City, Panama	USD	Commercial	100	100	100
Puig Perú, S.A.	Avenida José Larco 1232 piso 9, Oficinas 9-101, 9-102, 9-103 y 9-105, 15074, Miraflores, Lima, Peru	PEN	Commercial	100	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	100
Puig South East Asia Pte. Ltd. (*)	12 Tai Seng Street, #05-01 Luxasia Building Singapore 534118, Singapore	SDG	Commercial	51	51	51
Puig Suisse, S.A.	Business Park Terre-Bonne, Bâtiment A4, Route de Crassier 17, 1262 Eysins, Switzerland	CHF	Commercial	100	100	100
Puig UK Ltd.	5th Floor, Russell Square House, 10-12 Russell Square London WC1B 5EH, United Kingdom	GBP	Commercial	100	100	100
Puig USA Inc.	630 5th Ave, 32nd Floor, New York, NY 10111, United Estates	USD	Commercial	100	100	100
Sodifer S.A.R.L.	3 Rue du Plâtre, 75004 Paris, France	EUR	Commercial	100	70	70
Van Noten Andries NV	Godefriduskaai, 36, 2000 Antwerp, Belgium	EUR	Holding, Commercial	100	70	70

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

Equity method

Name of the consolidated subsidiary	Address (Country)	Functional currency	Activity	Percentage of ownership		
				2023	2022	2021
Beijing Yitian Shidai Trading Co, LLC	B111 Unit, 10-2 buildings first floor, N.94 Dongsi shitiao, Beijing, China	CNY	Commercial	15	15	15
Isdin, S.A.	Provençals 33, 08019 Barcelona, Spain	EUR	Commercial	50	50	50
Ponteland Distribuçao, S.A.	Rua Barao de Tefé, 34, 14º andar, Saúde, Rio de Janeiro, Brazil	BRL	Manufacturing Commercial	35	35	35
Sociedad Textil Lonia, S.A.	Parque Empresarial Pereiro de Aguiar, Ourense, Spain	EUR	Manufacturing Commercial	25	25	25

In 2023, 2022 and 2021 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.	United States
	Puig USA Inc.	United States
	Carolina Herrera Ltd.	United States
	Penhaligon’s Inc.	United States
	Lendemain Distribution Inc.	United States

ANNEX III – ALTERNATIVE PERFORMANCE MEASURES

Like-for-like Net revenues growth

Like-for-like Net revenues evolution reflects Puig's organic growth by adjusting net revenues for the impact of:

- Increases in scope/perimeter, by deducting from net revenues for the current year the amount of revenue generated over the months during which the acquired entities/brands were not consolidated in the prior year. For the avoidance of doubt, revenue generated by acquired entities/brands in the current year is included for the months when the acquired entities/brands were also consolidated in the prior year.

- Exchange rates fluctuations, calculated as the difference between current sales at current FX and current sales at previous year FX. This normalizes the impact from currency appreciation/ depreciation compared to Euro to reflect the actual underlying performance of the company. This excludes the impact of high-inflation currencies (such as Argentine peso).

Like for Like growth is used to provide a more homogeneous measure of Net Revenues and to provide a better understanding of the performance of the business.

	2022	2023	Growth
Net revenues	3,619,603	4,304,067	18.9%
Net revenues related to Increases in scope/perimeter (*)		(88,605)	(2.4%)
Net revenues related exchange rate effect		82,070	2.3%
Like-for-like net revenues growth	**3,619,603**	**4,297,532**	**18.7%**

	2021	2022	Growth
Net revenues	2,585,012	3,619,603	40.0%
Net revenues related to Increases in scope/perimeter (*)		(113,402)	(4.4%)
Net revenues related exchange rate effect		(182,955)	(7.1%)
Like-for-like net revenues growth	**2,585,012**	**3,323,246**	**28.6%**

	2020	2021	Growth
Net revenues	1,537,283	2,585,012	68.2%
Net revenues related to Increases in scope/perimeter (*)		(370,064)	(24.1%)
Net revenues related exchange rate effect		3,227	0.2%
Like-for-like net revenues growth	**1,537,283**	**2,218,175**	**44.3%**

(*) Increase in scope in 2023 corresponds to the deduction of Net Revenues generated by Byredo, Kama and Loto during the months were those companies were not consolidated in 2022. Increase in scope in 2022 corresponds to the deduction of Net Revenues generated by Byredo, Kama and Loto since acquisition until year end 2022. Increase in scope in 2021 corresponds to the deduction of Net Revenues of Uriage, Apivita and Charlotte Tilbury during the months were those companies were not consolidated in 2020.

EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization)) is an indicator that measures the group's operational profit before financial results, profit/(loss)) from associates and joint ventures, taxes, impairments and depreciation and amortization. It is calculated as the operational profit plus depreciation, amortization and impairment losses (only those impairments included in the operational profit).

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

EBITDA reconciliation based on the Operational profit shown in the Consolidated Financial Statements for the years ended December 31, 2023, 2022 and 2021 is shown below:

(Thousand euros)	2023	2022	2021
Operational profit	679,206	492,967	386,529
Depreciation and impairment (Note 11)	169,704	144,953	106,524
EBITDA	**848,910**	**637,920**	**493,053**

EBITDA Margin

The EBITDA margin is calculated by dividing EBITDA by net revenues. The EBITDA margin measures how the group turns revenue into EBITDA.

(Thousand euros)	2023	2022	2021
EBITDA	848,910	637,920	493,053
Net revenues	4,304,067	3,619,603	2,585,012
EBITDA Margin	**19.72%**	**17.62%**	**19.07%**

Adjusted EBITDA

Adjusted EBITDA is the EBITDA adjusted by excluding restructuring expenses, acquisition-related expenses of material transactions, gains and losses from the sale of businesses or real estate, and certain non-operating items that are material to the consolidated financial statements.

Adjusted EBITDA provides the reader a view of the ongoing and recurrent EBITDA of the company.

Adjusted EBITDA reconciliation for the years ended December 31, 2023, 2022 and December 2021 is shown below:

(Thousand euros)	2023	2022	2021
EBITDA	848,910	637,920	493,053
Restructuring costs (Note 9)	1,342	8,720	-
Transaction costs (Note 9)	7,965	23,224	-
Others (Note 9)	4,457	11,584	(34,951)
Adjusted EBITDA	**862,674**	**681,448**	**458,102**

Adjusted EBITDA Margin

The EBITDA adjusted margin is calculated by dividing Adjusted EBITDA by Net revenues. The Adjusted EBITDA margin measures how the group turns revenue into EBITDA.

(Thousand euros)	2023	2022	2021
Adjusted EBITDA	862,674	681,448	458,102
Net revenues	4,304,067	3,619,603	2,585,012
EBITDA Margin	**20.04%**	**18.83%**	**17.72%**

Net Debt

Net debt is one of the indicators used by Management to measure the level of the Group's debt.

It includes current and non-current bank borrowings and other interest-bearing loans received, lease liability minus cash and cash equivalents, deposits, bonds and other marketable securities and, loans issued that are interest-bearing.

The reconciliation between the APM and the figures corresponding to the consolidated statement of financial position of December 31, 2023, 2022 and 2021 are shown below:

(Thousand euros)	2023	2022	2021
Non-current bank borrowings (Note 24)	1,788,846	1,662,311	826,606
Current bank borrowings (Note 24)	358,371	177,001	145,987
Lease liability (Note 16.2)	313,635	252,614	204,446
Loans issued to related parties and employees (Note 18 – 20)	(98,251)	(109,247)	(84,650)
Cash and cash equivalents (Note 21)	(852,901)	(710,050)	(692,659)
Net debt	**1,509,700**	**1,272,629**	**399,730**

Net financial Debt

Net financial debt is one of the indicators used by Management to measure the level of the Group's debt.

It includes current and non-current bank borrowings and other interest-bearing loans received minus cash and cash equivalents, deposits, bonds and other marketable securities and, loans issued that are interest-bearing.

The reconciliation between the APM and the figures corresponding to the consolidated statement of financial position of December 31, 2023, 2022 and 2021 are shown below:

(Thousand euros)	2023	2022	2021
Non-current bank borrowings (Note 24)	1,788,846	1,662,311	826,606
Current bank borrowings (Note 24)	358,371	177,001	145,987
Loans issued to related parties and employees (Note 18 – 20)	(98,251)	(109,247)	(84,650)
Cash and cash equivalents (Note 21)	(852,901)	(710,050)	(692,659)
Net financial debt	**1,196,065**	**1,020,015**	**195,284**

Adjusted Net Profit

Means our IFRS Net profit excluding non-recurring items.

Adjusted Net profit provides to the reader a view of the ongoing and recurring results of the company.

The reconciliation between the APM and the figures corresponding to the consolidated statement of financial position for the years ended December 31, 2023, 2022 and 2021 are shown below:

(Thousand euros)	2023	2022	2021
Net profit attributable to the Parent Company	**465,209**	**399,490**	**221,039**
Other operational income and expenses (Note 9)	13,764	43,528	(34,951)
Transaction costs (Note 12 and 17)	6,201	13,895	43,609
Impairments (Note 17)	-	10,591	-
Tax effect on adjusted items	(1,546)	(9,704)	8,738
Change of tax rate related to intangibles from business combinations	-	-	70,765
Minority interest on adjusted items	(6,091)	(8,379)	(40,809)
Adjusted Net profit attributable to the Parent Company	**477,537**	**449,421**	**268,391**

Adjusted Net Profit Margin

The Adjusted net profit margin is calculated by dividing Adjusted net profit by Net revenues.

(Thousand euros)	2023	2022	2021
Adjusted net profit attributable to the Parent Company	477,537	449,421	268,391
Net revenues	4,304,067	3,619,603	2,585,012
Adjusted net profit margin	**11.10%**	**12.42%**	**10.38%**

These special purpose consolidated financial statements of Puig Brands and its subsidiaries ("Puig" or the "Group") for the years 2023, 2022 and 2021 have been prepared by the directors of Puig Brands on March 19, 2024, in Barcelona, Spain.

D. Marc Puig Guasch President	D. Manuel Puig Rocha Vice-president	D. Josep Oliu Member of the Board
D. Yiannis Petrides (Identified in passport as Ioannis Petrides) Member of the Board	D. Rafael Cerezo Laporta Member of the Board	D. Patrick Raji Chalhoub Member of the Board
D. Jordi Constans Fernández (Identified in passport as Jorge Valentín Constans Fernández) Member of the Board	D. Daniel Lalonde Member of the Board	D. Xavier Puig Alsina Member of the Board
D. Jordi Puig Alsina Member of the Board	D. Marian Puig Guasch Member of the Board	D. Christine Ann Mei Member of the Board
D. Ángeles Garcia-Poveda Morera Member of the Board	D. Nicolas Mirzayantz Member of the Board	