

Parent company financial statements *

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* This information forms an integral part of the Annual Financial Report as provided in Article L.451-1-2 of the French Monetary and Financial code.

The individual financial statements set out in this chapter are those of the L'Oréal parent company. They show the financial situation of the parent company stricto sensu. Unlike the consolidated financial statements, they do not include the results of the Group's subsidiaries.

The information regarding the parent company financial statements that was previously included in the Management Report of the Board of Directors is now included in this chapter. The pages concerned are the table showing the main changes and thresholds crossed regarding investments in subsidiaries, the five-year financial summary and the amount of expenses and charges provided for in Article 223 quater of the French General Tax Code, and the table showing invoices issued and received, not paid at the end of the financial year and in arrears, provided for by Articles L. 441-6-1 and D. 441-4 of the French Commercial Code. The Statutory Auditor's Report on the parent company financial statements completes this information.

6.1. Compared income statements

€ millions	Notes	31.12.2022	31.12.2021	31.12.2020
Operating revenue		7,164.5	5,944.5	5,535.9
Sales	2	6,282.0	5,255.4	4,837.8
Reversals of provisions and transfers of charges		168.4	135.6	194.8
Other revenue	3	714.1	553.5	503.4
Operating expenses		-6,290.3	-5,297.1	-5,022.4
Purchases and change in inventories		-792.8	-705.4	-674.6
Other purchases and external charges		-3,309.4	-2,659.0	-2,404.3
Taxes and similar payments		-129.7	-135.4	-119.2
Personnel costs		-1,376.3	-1,276.7	-1,213.2
Depreciation, amortisation and charges to provisions	5	-314.2	-288.7	-329.2
Other charges		-367.9	-231.9	-281.9
Operating profit		874.2	647.4	513.6
Net financial revenue	6	11,711.7	3,517.1	3,912.4
Net charges/reversals of provisions and transfers of charges	6	108.1	-183.4	-77.1
Exchange gains and losses		-316.1	-93.6	16.4
Net financial income		11,503.7	3,240.1	3,851.7
Profit before tax and exceptional items		12,377.9	3,887.5	4,365.3
Exceptional items	7	246.6	2.1	-156.4
Employee Profit Sharing		-31.0	-27.4	-27.2
Income tax	8	-250.4	-1.7	-22.8
NET PROFIT		12,343.1	3,860.5	4,158.8

6.2. Compared balance sheets

Assets

€ millions (net values)	Notes	31.12.2022	31.12.2021	31.12.2020
Intangible assets	11	4,876.4	4,607.4	4,366.0
Tangible assets	12	625.3	573.4	555.9
Financial assets	14	17,274.6	19,272.1	10,488.1
Non-current assets		22,776.3	24,452.9	15,410.0
Inventories		135.6	102.3	107.2
Prepayments to suppliers		11.6	6.4	7.8
Trade accounts receivable	16	1,030.9	770.2	692.9
Other current assets	16	513.6	515.0	489.8
Marketable securities	15	76.8	33.4	63.9
Cash and cash equivalents	27	618.0	0.6	3,791.3
Current assets		2,386.5	1,427.9	5,152.9
Prepaid expenses		90.8	84.4	87.7
Unrealised exchange losses	21	59.6	188.2	45.8
TOTAL ASSETS		25,313.3	26,153.4	20,696.4

Liabilities

€ millions	Notes	31.12.2022	31.12.2021	31.12.2020
Share capital		107.0	111.5	112.0
Additional paid-in capital		3,368.7	3,265.6	3,259.8
Reserves and retained earnings		2,673.0	10,813.1	10,020.0
Net profit		12,343.1	3,860.5	4,158.8
Regulated provisions		22.0	29.9	36.2
Shareholders' equity		18,513.8	18,080.6	17,586.8
Provisions for liabilities and charges	18	596.6	878.3	790.6
Borrowings and debt	19	3,872.1	4,946.5	369.3
Trade accounts payable	20	1,201.8	994.7	829.8
Other current liabilities	20	1,051.2	1,234.8	1,074.7
Other payables		6,125.1	7,176.0	2,273.8
Unrealised exchange gains	21	77.8	18.5	45.2
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		25,313.3	26,153.4	20,696.4

6.3. Changes in shareholders' equity

The share capital comprises 535,186,562 shares with a par value of €0.2 each following transactions carried out in 2022:

- issue of 448,267 shares under the employee shareholding plan;
- issue of 868,806 free shares;
- cancellation of 23,802,871 shares including 22,260,000 shares repurchased from Nestlé in December 2022.

Changes in shareholders' equity are as follows:

€ millions	Share capital	Additional paid-in capital	1976 revaluation reserve	Reserves and retained earnings	Net profit	Regulated provisions	Total
Balance at 31 December 2019 before appropriation of net profit	111.6	3,130.2	42.5	8,044.6	4,105.8	49.8	15,484.5
Capital increase	0.4	129.6					130.0
Cancellation of shares							
Appropriation of 2019 net profit				1,933.2	-1,933.2		0.0
Dividends paid for 2019					-2,172.6		-2,172.6
2020 net profit					4,158.8		4,158.8
Other movements during the period				-0.2		-13.6	-13.8
Balance at 31 December 2020 before appropriation of net profit	112.0	3,259.8	42.5	9,977.6	4,158.8	36.2	17,586.8
Capital increase	0.1	5.8					5.9
Cancellation of shares	-0.6			-1,101.3			-1,101.9
Appropriation of 2020 net profit				1,894.4	-1,894.4		0.0
Dividends paid for 2020					-2,264.4		-2,264.4
2021 net profit					3,860.5		3,860.5
Other movements during the period				-0.1		-6.3	-6.4
Balance at 31 December 2021 before appropriation of net profit	111.5	3,265.6	42.5	10,770.6	3,860.5	29.9	18,080.6
Capital increase	0.3	103.1					103.4
Cancellation of shares	-4.8			-9,399.4			-9,404.2
Appropriation of 2021 net profit				1,259.3	-1,259.3		0.0
Dividends paid for 2021					-2,601.2		-2,601.2
2022 net profit					12,343.1		12,343.1
Other movements during the period						-7.9	-7.9
BALANCE AT 31 DECEMBER 2022 BEFORE APPROPRIATION OF NET PROFIT	107.0	3,368.7	42.5	2,630.5	12,343.1	22.0	18,513.8

The amount added to reserves for (i) unpaid dividends on some treasury shares held by L'Oréal, (ii) movements between 1 January and the dividend payment date, on maturing free share plans, (iii) and the final number of shares carrying preferential dividend rights, stood at - €4.5 million in 2022, compared with -€2.7 million in 2021 and - €6.2 million in 2020.

Regulated provisions mainly consisted of accelerated tax-driven depreciation, which amounted to €22 million at 31 December 2022, compared with €29.9 million at 31 December 2021 and €36.2 million at 31 December 2020.

Details of option plans and free share plans are provided in note 17.

6.4. Statements of cash flows

€ millions	Notes	31.12.2022	31.12.2021	31.12.2020
Operating activities				
Net profit		12,343.1	3,860.5	4,158.8
Depreciation and amortisation	11-12	166.0	162.7	145.4
Charges to provisions (net of reversals)		-208.9	121.8	216.4
Gains and losses on disposals of non-current assets		4.3	57.9	78.4
Other non-cash transactions			3.6	-1.5
Gross cash flow		12,304.5	4,206.5	4,597.5
Changes in working capital	25	65.5	45.0	185.0
Net cash provided by operating activities		12,370.0	4,251.5	4,782.5
Investing activities				
Investments in non-current assets	11-12-14	-7,845.7	-10,594.5	-1,605.3
Changes in other financial assets	26	-361.7	171.8	-58.7
Disposals of non-current assets		27.2	36.5	65.3
Net cash from investing activities		-8,180.2	-10,386.2	-1,598.7
Financing activities				
Capital increase		103.2	5.8	129.7
Dividends paid		-2,601.2	-2,264.4	-2,172.6
Changes in financial debt	19	-1,074.4	4,577.3	160.3
Net cash from financing activities		-3,572.4	2,318.7	-1,882.6
Cash acquired or sold in the period (complete transfer of assets and liabilities)		0.0	26.3	25.7
Change in cash and cash equivalents		617.4	-3,789.7	1,327.0
Net cash and cash equivalents at beginning of the year	27	0.6	3,790.3	2,463.3
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	618.0	0.6	3,790.3

6.5. Notes to the financial statements of L'Oréal S.A.

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Highlights of the financial year

Capital transaction

On 7 December 2021, the L'Oréal Board of Directors approved a strategic transaction consisting of the repurchase by L'Oréal, as part of its share buyback programme, of 22.26 million of its own shares – representing 4% of its capital – from Nestlé. The total price paid to Nestlé was €8.904 billion. These shares were cancelled in the financial year 2022 in line with the decision of the Board of Directors on 9 February 2022.

Furthermore, this transaction led the Group to take out a bridging loan of €1.9 billion and to issue commercial paper for €2.3 billion, with the balance financed by the cash available at 31 December 2021. This €1.9 billion loan was repaid in full during the 2022 financial year.

NOTE 1. Accounting principles

The Company's annual financial statements are prepared in accordance with French law and regulations, as set out in Regulation ANC 2014-03 (French Chart of Accounts) and generally accepted accounting principles. The accounts for the 2022 financial year were prepared and approved on a going concern basis.

1.1. Sales

These are comprised of sales of goods (net of returns, rebates and discounts) and services (including technological assistance fees).

Other events

In March 2022, the Group issued a €3 billion bond in three tranches, of which a €1,250 million tranche with environmental (ESG) criteria linked to the Group's CSR performance.

In July 2022, the Travel Retail Asia business historically carried by L'Oréal Hong Kong was transferred to L'Oréal Singapore. L'Oréal S.A. backed L'Oréal Singapore in its acquisition of the business via a share capital increase in the amount of €6.4 billion. In addition, following the transfer of the business, L'Oréal Hong Kong generated a profit of €6.8 billion, which was immediately transferred to L'Oréal S.A. in the form of an exceptional dividend.

1.2. Advertising and promotion expenses

Expenses relating to the advertisement and promotion of products to customers and consumers are recognised as expenses for the year in which the advertisement or promotional initiative takes place.

1.3. Research and innovation costs

Research and innovation costs are recognised in expenses in the period in which they are incurred.

1.4. Loan issue costs

Issuance costs of borrowings are expensed immediately in the year in which they are incurred.

1.5. Income tax

The Company has opted for the French tax group regime. French companies included in the scope of tax consolidation recognise an income tax charge in their own accounts on the basis of their own taxable profits and losses.

L'Oréal, as the parent company of the tax group, recognises as tax income the difference between the aggregate tax charges recognised by the subsidiaries and the tax due on the basis of consolidated taxable profit or loss of the tax group.

1.6. Intangible assets

Intangible assets are recorded in the balance sheet at purchase cost, including acquisition costs.

Technical merger losses are allocated to the corresponding underlying assets and amortised where appropriate.

The value of newly acquired trademarks is calculated based on a multi-criteria approach taking into consideration their reputation and their future contribution to profits.

In accordance with regulation No. 2004-06 on assets, certain trademarks have been identified as amortisable regarding their estimated useful life.

Non-amortisable trademarks are tested for impairment at least once a year on the basis of the valuation model used at the time of their acquisition. An impairment is recorded where appropriate. Initial trademark registration costs are recorded as expenses.

Patents are amortised over a period ranging from 2 to 10 years.

Business goodwill is not amortised. It is impaired whenever the present value of future cash flows is less than the book value. Business goodwill is subject to impairment tests at least once a year, even when there is no evidence of an impairment loss.

Software of material value is amortised using the straight-line method over its probable useful life, generally between five and eight years. It is also subject to accelerated tax-driven amortisation, which is recognised over a 12-month period.

Other intangible assets are usually amortised over periods not exceeding 20 years.

1.7. Tangible assets

Tangible assets are recognised at purchase cost, including acquisition expenses.

The useful lives of tangible assets are as follows:

	Length
Buildings	20-50 years
Fixtures and fittings	5-10 years
Industrial machinery and equipment	10 years
Other tangible assets	3-10 years

Both straight-line and declining-balance depreciation is calculated over the actual useful lives of the assets concerned. Exceptionally, industrial machinery and equipment is depreciated using the straight-line method over a period of 10 years, with all additional depreciation classified as accelerated tax-driven depreciation. Exceptional depreciation may be recognised where events and circumstances lead to a review of the asset's useful life.

1.8. Financial assets

1.8.1. Equity investments

These items are recognised in the balance sheet at purchase cost excluding incidental expenses.

Their value is assessed annually by reference to their value in use, which is mainly based on the current and forecast profitability of the subsidiary concerned and the share of shareholders' equity owned. If the value in use falls below the net book value, an impairment is recognised.

1.8.2. Other financial assets

Loans and other receivables are valued at their nominal amount. Loans and other receivables denominated in foreign currencies are translated at the exchange rate prevailing at the end of the financial year. If necessary, impairments are recognised against these items to reflect their value in use at the end of the financial year.

Treasury shares acquired in connection with buyback programmes to be cancelled is recognised in other long-term investments.

At the end of the financial year, other long-term investments are compared with their probable sale price and a provision for impairment recognised where appropriate.

1.9. Inventories

Inventories are valued using the weighted average cost method. At the end of each accounting period, obsolete and slow-moving inventories are written down in the amount corresponding to the difference between their gross value and their probable net realisable value, on the basis of historical and forecast data, if the latter is lower than the gross value.

1.10. Trade accounts receivable and other receivables

Trade accounts receivable and other receivables are recorded at their nominal value. Where appropriate, an impairment is recognised based on an assessment of the risk of non-recovery.

1.11. Marketable securities cash and cash equivalents

Marketable securities are recognised at purchase cost and are valued at the end of the financial year at their probable sale price.

Treasury shares held that is specifically allocated to employee stock option and free shares plans recognised in marketable securities.

No discount is granted on the exercise price of the options. Provided that the shares are purchased at a lower price than the exercise price, no impairment is required. However, an impairment is recognised in the event of a decline in the market price, representing the difference between the book value of the treasury shares and the average share price in the month preceding the reporting date.

A provision for liabilities and charges in respect of shares of Treasury shares allocated to free share plans for L'Oréal S.A. parent company employees is recognised over the period during which the rights to the free shares vest. Shares of Treasury shares allocated to free share plans for employees of Group subsidiaries are written down in full. However, the subsidiaries concerned will bear most of the cost of granting these free shares.

1.12. Provisions for liabilities and charges

Provisions for liabilities and charges are recognised to cover probable outflows of resources to third parties, without receipt of equivalent consideration by the Company. They mainly concern risks and disputes of a commercial, financial, tax or social nature (see note 18).

The estimated amount included in provisions corresponds to the outflow of resources that the Company is likely to incur in the settlement of its obligation. Depending on the type of provision, the estimate takes account of the most probable assumptions of realisation, or is assessed in line with statistical methods.

Contingent liabilities are potential obligations arising from past events, whose existence will only be confirmed by the occurrence of future (uncertain) events that are not wholly within the control of the Company or probable liabilities for which the outflow of resources is also not within its control. Contingent liabilities are not recognised and are disclosed where applicable.

1.13. Accounting for foreign currency transactions and exchange rate hedges

All receivables, payables, loans and borrowings denominated in foreign currencies are translated on the balance sheet at the exchange rate prevailing as of the reporting date for the financial year. These exchange rate variations, as well as those linked to the hedging instruments taken out to cover the said receivables, payables, loans and borrowings denominated in foreign currencies, are recorded in the balance sheet under the heading "Unrealised exchange losses/gains".

A provision is recognised if the sum of these unrealised exchange gains and losses shows a potential exchange loss based on the overall exchange position, calculated on a currency-by-currency basis. The overall foreign exchange position excludes translation differences of hedging instruments and hedged items.

In accordance with French accounting standards, the potential gain resulting from the overall foreign exchange position is not recognised as income in the income statement.

Exchange rate hedging instruments are contracted to hedge commercial transactions recognised in the balance sheet and future transactions that are considered to be highly probable. Gains and losses generated by these instruments are recognised symmetrically with the gains and losses arising on the hedged items, in the same aggregate as profit and loss. Option premium income/discounts are recognised in profit and loss when the hedged item is recognised.

Derivatives that are not designated as hedges are classified as isolated open positions. These are recognised at their fair value in the balance sheet, and offset an "Unrealised exchange gains or losses" account.

Hedges have already been taken out in respect of forecasted operating transactions for the next financial year. The impact of such hedges on profit or loss will be recorded during the same accounting period as the transactions hedged.

1.14. Accounting for interest rate instruments

In the case of interest-rate hedges, for gains and losses arising on interest rate swaps and caps, hedging financial liabilities are recorded on a pro rata basis symmetrically with the gains and losses on the items hedged.

1.15. Employee retirement obligations and related benefits

The L'Oréal parent company operates pension, early retirement and other benefit schemes for employees and retirees depending on local legislation and regulations. Directors and corporate officers are regarded as employees for all additional benefits relating to their remuneration, and are therefore covered by the same employee benefit schemes.

These obligations are partially funded by an external scheme where the funds are gradually built up through contributions paid. The contributions are expensed as incurred under the *Other purchases and external charges* item.

The related obligations are measured using an actuarial valuation method based on final salaries. The method takes account of length of service, life expectancy, turnover by category of personnel and economic assumptions such as inflation and discount rates. The Company has opted for the new method provided by recommendation ANC 2013-02 on the accounting treatment of pension obligations and similar benefits as amended on 5 November 2021. That is to say, the increase in the obligation for each employee is no longer recognised on a straight-line basis over his or her term of employment but straight-line only over the vesting period for his or her benefit rights.

No provision is recognised in the balance sheet for net unfunded obligations. These thus appear as off-balance sheet commitments.

Only obligations in respect of long-service awards are no longer recognised as an off-balance sheet commitment; instead, a provision is recognised in the balance sheet based on an actuarial valuation of the obligation.

NOTE 2. Sales

€ millions	31.12.2022	31.12.2021	31.12.2020
Sales of goods	2,488.1	2,351.2	2,199.3
Services ⁽¹⁾	3,672.7	2,795.7	2,506.6
Other revenue	121.2	108.5	131.9
TOTAL	6,282.0	5,255.4	4,837.8

(1) Including invoicing of technological assistance.

The Company generated €3,400.8 million of its net sales in France in 2022, compared with €3,093.6 million in 2021 and €2,901.5 million in 2020.

NOTE 3. Other revenue

This item mainly comprises brand royalties and foreign exchange gains from operations.

NOTE 4. Average headcount

Average headcount can be broken down as follows:

	2022	2021	2020
Executives	6,482	6,001	5,671
Supervisors	2,062	2,119	2,160
Administrative staff	129	148	171
Manual workers	337	326	332
Sales representatives	533	540	566
TOTAL	9,543	9,134	8,900
Apprentices	515	410	278

NOTE 5. Depreciation, amortisation and charges to provisions

Depreciation, amortisation and charges to provisions can be broken down as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Depreciation and amortisation	-157.2	-152.2	-136.4
Impairment of non-current assets	-49.4	-18.9	-73.2
Impairment of current assets	-8.2	-9.8	-12.2
Provisions for liabilities and charges	-99.4	-107.8	-107.4
TOTAL	-314.2	-288.7	-329.2

NOTE 6. Net financial income

Net financial income amounts include the following items:

€ millions	31.12.2022	31.12.2021	31.12.2020
Dividends received ⁽¹⁾	11,726.2	3,549.2	3,940.9
Revenues on other receivables and marketable securities	27.8	0.1	0.1
Interest expense on borrowings and financial debt	-4.9	-21.9	-21.6
Others	-37.4	-10.3	-7.0
TOTAL	11,711.7	3,517.1	3,912.4

(1) In July 2022, L'Oréal received an exceptional dividend of €6.8 billion from its subsidiary L'Oréal Hong Kong following the transfer of the Travel Retail Asia business to L'Oréal Singapore. Along with the annual dividend paid to its shareholders, this item includes an additional exceptional dividend paid by Sanofi of €74.5 million in the form of Euroapi shares.

Additions to provisions net of reversals and expense transfers chiefly concern:

€ millions	31.12.2022	31.12.2021	31.12.2020
Equity investments ⁽¹⁾	-49.2	-40.4	-79.8
Impairment of other financial assets	-	-	-
Impairment of Treasury shares	-	-	-
Provisions for liabilities and charges relating to financial items ⁽²⁾	154.8	-143.0	2.7
Others	2.5	-	-
TOTAL	108.1	-183.4	-77.1

(1) In 2020, this mainly related to the impairment of shares in Cosmeurop and Elebelle Limited.

(2) In 2022, this mainly related to provisions for currency risk amounting to €165.1 million.

In 2021, this mainly related to provisions for currency risk amounting to -€150.7 million.

NOTE 7. Exceptional items

Exceptional items represented €246.6 million in 2022, compared to €2.1 million in 2021 and -€156.4 million in 2020.

NOTE 8. Income tax

The income tax breaks down as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Tax on profit before tax and exceptional items	-262.5	-82.3	-39.8
Tax on exceptional items and employee Profit Sharing	12.1	80.6	17
INCOME TAX	-250.4	-1.7	-22.8

In 2022, the tax charge recognised by L'Oréal included a tax consolidation loss of €65.0 million.

In 2021, the tax charge recognised by L'Oréal reflected €53.3 million in savings resulting from tax consolidation.

In 2020, the tax charge recognised by L'Oréal included a tax consolidation loss of €0.3 million.

NOTE 9. Increases or reductions in future tax liabilities

€ millions	31.12.2020		31.12.2021		Changes		31.12.2022	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Temporary differences								
Regulated provisions	-	10.2	-	7.6	3.3	1.2	-	5.6
Temporarily non-deductible charges	116.3	-	132.8	-	14.0	46.4	100.5	-
Charges deducted (or revenue taxed) for tax purposes but not yet recognised	-	0.2	-	43.8	4.7	-43.8	4.7	-
Temporarily non-taxable revenue	-	-	-	-	-	-	-	-
Deductible items								
Tax losses, deferred items	-	-	-	-	-	-	-	-
Potentially taxable items								
Special reserve for long-term capital gains	-	150.7	-	137.0	-	-	-	137.0

These figures factor in the social contribution of 3.3% which is added to corporate income tax, both at normal and reduced rates, and the reduction in the tax rate in 2022.

NOTE 10. Research costs

Expenses booked for Research activities in 2022 totalled €1,188.3 million, compared with €1,040.7 million in 2021 and €976.6 million in 2020.

NOTE 11. Intangible assets

€ millions	31.12.2020	31.12.2021	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements	31.12.2022
Patents and trademarks ⁽¹⁾	1,003.0	1,147.6	49.2	-	-	1,196.7
Business goodwill ⁽²⁾	2,860.4	2,981.7	160.3	-9.4	-	3,132.7
Software	559.1	602.8	17.8	-25.0	69.4	665.0
Other intangible assets	551.0	551.0	-	-	-	551.0
Tangible assets in progress	259.3	260.8	208.9	-22.2	-70.1	377.4
Gross value	5,232.9	5,543.9	436.2	-56.6	-0.8	5,922.6
Patents and trademarks	181.6	193.4	16.6	-	-	210.0
Business goodwill	2.0	2.5	2.7	-5.0	-	0.1
Software	388.5	438.1	73.5	-20.0	-0.2	491.4
Other intangible assets	69.0	72.3	2.3	-	0.2	74.8
Amortisation	641.1	706.3	95.1	-25.0	0.0	776.3
Patents and trademarks	69.9	74.7	2.8	-1.4	-	76.1
Business goodwill ⁽³⁾	149.7	150.1	45.7	-6.5	-	189.3
Software	2.7	1.9	0.6	-1.5	-	1.0
Other intangible assets	3.5	3.6	-	-	-	3.6
Impairment	225.8	230.2	49.1	-9.4	-	269.9
NET VALUE	4,366.0	4,607.4	292.0	-22.2	-0.8	4,876.4

(1) In 2022, the increase in patents and trademarks is mainly related to the acquisition of the Skinbetter Science and Youth to the People brands, following the final setting of the purchase price.

(2) In 2022, the increase in business goodwill was related to the acquisition of Skinbetter Science.

In 2021, the increase in business goodwill was related to the acquisition of Youth to the People.

(3) In 2022, the increase in the impairment of other intangible assets was related mainly to the Decléor brand.

NOTE 12. Tangible assets

€ millions	31.12.2020	31.12.2021	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements	31.12.2022
Land	81.1	81.3	-	-	-	81.3
Buildings	727.4	769.3	15.8	-10.6	-25.0	749.5
Industrial machinery and equipment	220.5	218.7	9.2	-14.0	1.1	215.0
Other tangible assets	303.1	297.2	36.5	-27.3	45.5	351.9
Tangible assets in progress	40.5	48.1	58.9	-0.2	-20.9	85.9
Advances and prepayments	2.1	3.1	0.1	1.4	-	4.6
Gross value	1,374.7	1,417.7	120.5	-50.7	0.7	1,488.2
Land	1.8	2.1	0.3	-	-	2.4
Buildings	430.4	454.9	26.4	-10.4	-11.4	459.5
Industrial machinery and equipment	174.8	172.2	10.5	-11.5	-	171.2
Other tangible assets	205.8	208.8	33.6	-26.5	11.4	227.3
Amortisation	812.8	838.0	70.8	-48.4	-	860.4
Land	0.2	-	-	-	-	-
Industrial machinery and equipment	5.8	6.3	0.1	-3.9	-	2.6
Impairment	6.0	6.3	0.1	-3.9	-	2.6
NET VALUE	555.9	573.4	49.6	1.6	0.7	625.3

Depreciation and amortisation recognised in 2022 for tangible assets and intangible assets included:

- €157.2 million on a straight-line basis;
- €0.07 million on a declining-balance basis;
- €8.8 million relating to exceptional depreciation and amortisation.

NOTE 13. Non-current assets held under finance leases

At 31 December 2022, L'Oréal S.A. no longer held any leased assets.

NOTE 14. Financial assets

€ millions	31.12.2020	31.12.2021	Allocation of technical merger losses	Acquisitions/ Subscriptions	Disposals/ Reductions	Other movements ⁽¹⁾	31.12.2022
Equity investments ⁽²⁾	11,530.0	11,066.1	-	6,666.1	-	100.6	17,832.8
Loans and other receivables ⁽³⁾	39.0	33.6	-	2,560.8	-2,349.1	-22.1	223.2
L'Oréal shares ⁽⁴⁾	-	8,904.0	-	500.0	-	-9,404.0	0.0
Others	4.8	5.4	-	0.7	-1.2	-	4.9
Gross value	11,573.8	20,009.1	-	9,727.6	-2,350.3	-9,325.5	18,060.9
Equity investments	1,085.0	736.4	-	99.1	-49.9	-	785.6
Loans and other receivables	0.5	0.4	-	0.4	-0.4	-	0.4
Others	0.2	0.2	-	0.1	-	-	0.3
Impairment	1,085.7	737.0	-	99.6	-50.3	-	786.3
NET VALUE	10,488.1	19,272.1	-	9,628.0	-2,300.0	-9,325.5	17,274.6

(1) Other movements related to equity investments essentially correspond to Euroapi shares in the amount of €74.5 million obtained in connection with the payment of an exceptional stock dividend by Sanofi.

(2) The change mainly corresponds to the subscription by L'Oréal S.A. to the share capital increase conducted by L'Oréal Singapore Ltd (see § Highlights of the financial year).

(3) Movements on loans and related receivables correspond to loans granted and repaid during the year firstly to Finval and secondly to L'Oréal Singapore.

(4) On 28 July 2022, the Board of Directors resolved, in connection with the authorisation approved by the Annual General Meeting of 21 April 2022, to buy back L'Oréal shares in the maximum amount of €500 million. The shares thus bought back for €500 million were cancelled in line with the Board of Directors' decision on 7 December 2022.

In addition, the shares bought back from Nestlé in December 2021 were cancelled in line with the Board of Directors' decision of 9 February 2022 for €8,904 million.

The detailing subsidiaries and affiliates is presented at the end of the present notes.

NOTE 15. Marketable securities

This item breaks down as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Financial instruments/Premiums paid on options	76.8	33.4	63.9
Gross value	76.8	33.4	63.9
Financial instruments/Premiums paid on options	-	-	-
Impairment	-	-	-
NET VALUE	76.8	33.4	63.9

NOTE 16. Maturity of receivables

€ millions	1 year or less	More than 1 year	Gross	Impairment	Net
Loans and other receivables	219.8	3.4	223.2	-0.4	222.8
Other financial assets	4.7	-	4.7	-0.1	4.6
Trade accounts receivable	1,032.4	-	1,032.4	-1.5	1,030.9
Other current assets, of which	513.6	-	513.6	-	513.6
Tax and employee-related receivables ⁽¹⁾	431.3	-	431.3	-	431.3
Other receivables	82.3	-	82.3	-	82.3
Prepaid expenses	90.8	-	90.8	-	90.8

(1) Including a corporate income tax receivable in the amount of €86.2 million and a fine of €189.5 million paid to the French competition authority on 28 April 2015.

Accrual accounts included in receivables amounts are as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Trade accounts receivable	3.0	2.0	1.2
Other receivables	20.5	23.1	19.1
TOTAL	23.5	25.1	20.3

NOTE 17. Stock purchase or subscription options – Free shares

17.1. Share subscription or purchase options

As at 31 December 2022, there were no more stock options plans in force.

17.2. Free shares

The table below summarises data relating to the free share plan.

Grant date		Vesting date	Number of shares granted	Number of shares issued/allotted	Number of shares not finally vested
Stock subscription plans	Stock purchase plans				
		21.04.2020	906,100	835,725	-
		21.04.2021	906,000	742,276	-
		18.04.2022	931,000	868,575	-
		19.04.2023	843,075	450	801,400
		15.10.2024	713,660	385	691,150
		08.10.2025	588,750	105	578,325
		14.10.2026	700,000	-	700,000

For the conditional grant of shares, the plan provides for a four-year vesting period after which vesting is effective and final, subject to meeting the conditions of the plan.

The performance conditions concern:

- For the 7 October 2021, 14 October 2020 and 18 April 2019 plans:

- for 50% of shares granted, the comparable cosmetics net sales for the 2022, 2023 and 2024 financial years under the 2021 plan; for the 2021, 2022 and 2023 financial years under the 2020 plan; and the 2020, 2021 and 2022 financial years under the 2019 plan in relation to the growth in net sales for a panel of competitors;
- for 50% of shares granted, the increase over the same period in the Group's consolidated operating profit.

The calculation will be based on the mean of the performance in the 2022, 2023 and 2024 financial years under the 2021 plan, of the 2021, 2022 and 2023 financial years under the 2020 plan, and of the 2020, 2021 and 2022 financial years under the 2019 plan. It will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

- For the 13 October 2022 plan, the performance conditions comprise the following:
 - 80% of financial performance criteria, of which half is the growth of comparable cosmetics sales for the 2023, 2024 and 2025 financial years compared to a panel of competitors, and the other half is the change in the Group's consolidated operating profit over the period. The calculation will be made on the basis of the arithmetic average of the performances for 2023, 2024 and 2025;
 - 20% of non-financial performance criteria, of which 15% is linked to the achievement of environmental and social responsibility commitments made by the Group as part of the "L'Oréal for the Future" programme, and 5% is linked to gender equality in strategic positions including those of the Executive Committee.

No performance condition applies below a block of 100 shares.

The plans of 20 April 2016, 20 April 2017 and 17 April 2018 were finally granted by the allocation of, respectively, 835,600 shares on 21 April 2020, 742,276 shares on 21 April 2021 and 868,225 shares on 19 April 2022.

As at 31 December 2022, the performance conditions of the plans in progress were deemed achieved.

In June 2022, Group employees had the opportunity to join a Shareholding Plan based on a traditional format with discount and matching contribution.

The subscription price was set at €254.9, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chief Executive Officer setting the subscription period from 8 June to 22 June 2022 during which 410,943 shares were subscribed. This number does not include the subscription reserved for a Trustee under the laws of England and Wales, as part of a Share Incentive Plan established for Group employees in the UK, for which the final number of shares will only be known in October 2023.

For French employees, free shares were offered upon subscription in proportion to their personal contribution to the plan with a maximum of 4 shares offered for 10 shares subscribed.

For employees in other countries, shares were offered under a free share plan with a continued employment condition for the employee and proportionate to how much the employee contributes to the plan, with a maximum of 4 shares offered for 10 free shares. The shares will be allocated to employees on 26 July 2027 provided they are still with the Group on that date.

The share capital increase took place on 26 July 2022 for a total of 448,267 shares, including subscribed shares.

NOTE 18. Provisions for liabilities and charges

€ millions	31.12.2020	31.12.2021	Charges	Reversals (used)	Reversals (not used)	Others	31.12.2022
Provisions for litigation ⁽¹⁾	193.0	193.4	1.2	-1.7	-0.4	-	192.5
Provisions for foreign exchange losses	24.9	176.4	16.0	-176.4	-	-	16.0
Provisions for expenses	169.4	171.8	78.6	-75.2	-18.6	1.9	158.5
Other provisions for liabilities ⁽²⁾	403.3	336.7	74.0	-108.6	-70.6	-1.9	229.6
TOTAL	790.6	878.3	169.8	-361.8	-89.7	-	596.6

(1) L'Oréal S.A. was ordered to pay a fine of €189.5 million following the decision handed down in the first instance by the French competition authority on 18 December 2014. L'Oréal appealed against this decision. On 27 October 2016, the Paris Court of Appeal upheld the first instance decision. L'Oréal lodged an appeal in cassation. On 27 March 2019, the Court of Cassation partially overturned the ruling relating to the amount of the fine imposed on L'Oréal. On 18 June 2020, the Second Court of Appeal confirmed the initial amount of the fine. L'Oréal lodged a second appeal with the Court of Cassation against this ruling. The decision is expected in the first half of 2023. The provision was maintained in liabilities and the payment recognised in "Other current assets" (see note 16).

(2) This section mainly includes provisions set aside to cover risks related to government bodies, commercial and financial risks.

The changes in provisions for liabilities and charges impact the 2022 income statement as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	99.4	80.6	38.8
Net financial income	23.1	177.9	-
Exceptional items	47.3	103.2	50.9
TOTAL	169.8	361.8	89.7

NOTE 19. Borrowings and debt

L'Oréal obtains financing through medium-term bond loans and issues short-term marketable instruments in France and the United States. The amounts of the programmes are €5,000 million and \$5,000 million respectively. None of the Group's borrowings or debt contains an early repayment clause linked to financial ratios (covenants).

Liquidity on the short-term marketable instruments issues is provided by confirmed undrawn short-term credit facilities with banks, which amounted to €5,000 million at 31 December 2022, compared to €5,000 million at 31 December 2021 and €5,363 million at 31 December 2020.

All borrowings and debt are denominated in euros and can be broken down as follows:

Breakdown by type of debt

€ millions	31.12.2022	31.12.2021	31.12.2020
Bonds ⁽¹⁾	3,014.5	-	-
Short-term marketable instruments ⁽²⁾	795.2	2,507.0	360.0
Bank overdrafts and financing with the Group's cash pool	-	-	-
Other borrowings and debt ⁽³⁾	62.4	2,439.5	9.3
TOTAL	3,872.1	4,946.50	369.3

(1) The issue premium of €3.4 million is directly linked to the amount of this bond.

To finance the repurchase in 2021 of its own shares from Nestlé, the Group:

(2) issued commercial paper (€2,300 million); and

(3) took out a bridging loan (€1,904 million).

Breakdown by maturity date

€ millions	31.12.2022	31.12.2021	31.12.2020
Less than 1 year	866.8	4,939.8	361.7
1 to 5 years	3,005.3	6.7	7.6
More than 5 years	-	-	-
TOTAL	3,872.1	4,946.5	369.3

Average interest rate on borrowings and debt

As was the case in previous years, drawdowns of short-term marketable instruments denominated in euros were made on the basis of negative rates in 2022.

Thus for 2022, the average rate of the debt in euros was +0.26% including bonds, compared to -0.51% in 2021 and -0.31% in 2020, and the average rate of short-term marketable instruments in dollars in the United States stands at 2.18%.

NOTE 20. Maturity of payables

€ millions	1 year or less	More than 1 year	Total
Trade accounts payable	1,201.8	-	1,201.8
Other current liabilities, of which	1,050.8	0.4	1,051.2
Tax and employee-related payables	550.1	-	550.1
Payables related to non-current assets ⁽¹⁾	197.4	0.4	197.8
Other payables	303.3	-	303.3

(1) Long-term payables correspond to the earn-out clause on the Sayuki acquisition.

Accrual accounts included in trade accounts payable and other current liabilities are as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Trade accounts payable	662.4	542.4	482.0
Payables related to non-current assets	162.6	168.1	230.2
Tax and employee-related payables, of which	498.7	486.9	442.4
Provision for employee Profit Sharing	31.7	29.2	28.5
Provision for incentives	143.8	135.2	122.1
Other payables	210.2	199.9	179.6
TOTAL	1,546.3	1,397.3	1,334.2

NOTE 21. Unrealised exchange gains and losses

The revaluation of foreign currency receivables and payables at the exchange rates prevailing at 31 December, taking account of hedging instruments, led to the recognition of the following unrealised exchange gains and losses:

€ millions	Assets			Liabilities		
	31.12.2022	31.12.2021	31.12.2020	31.12.2022	31.12.2021	31.12.2020
Financial receivables	8.9	-	-	-	-	-
Trade accounts receivable	6.6	1.9	1.0	0.3	0.1	0.2
Borrowings and debt	-	-	-	8.9	-	-
Trade accounts payable	-	0.1	-	-	-	0.2
Derivative financial instruments	44.1	186.2	44.8	68.6	18.4	44.8
TOTAL	59.6	188.2	45.8	77.8	18.5	45.2

The overall foreign exchange position, calculated on a currency-per-currency basis at 31 December 2022, is an unrealised loss of €16.0 million, recorded as a provision for unrealised foreign exchange losses (see note 18). At 31 December 2021, the overall foreign exchange position was an unrealised loss of €176.4 million, compared with an unrealised loss of €24.9 million at 31 December 2020.

NOTE 22. Derivative financial instruments

Derivative financial instruments can be broken down as follows:

€ millions	Notional			Market value		
	31.12.2022	31.12.2021	31.12.2020	31.12.2022	31.12.2021	31.12.2020
Currency futures						
Purchase of EURO against foreign currencies						
EUR/CNY	1,697.0	1,455.3	1,015.3	17.9	-130.9	1.0
EUR/RUB	4.7	276.3	205.8	-1.0	-10.2	12.4
EUR/USD	157.3	162.4	155.5	0.0	-7.8	8.7
EUR/BRL	159.3	106.8	69.4	-0.9	-1.8	1.1
EUR/KRW	73.2	61.3	54.2	-1.5	-0.7	-0.5
EUR/TWD	59.1	55.2	55.5	2.7	-1.4	3.6
EUR/THB	62.0	51.8	45.0	-0.8	-0.7	0.8
EUR/IDR	52.2	45.4	35.6	2.4	-3.7	-0.6
EUR/GBP	43.9	44.2	36.5	0.5	-1.0	0.0
EUR/INR	33.5	26.7	23.2	1.6	-1.6	0.5
EUR/ZAR	28.4	20.7	25.7	0.2	0.2	-2.3
EUR/AUD	22.6	19.6	18.3	0.3	-0.4	-0.8
EUR/CAD	16.9	16.6	16.1	0.9	-0.5	0.2
EUR/DKK	19.9	15.9	14.8	0.0	0.0	0.0
EUR/PEN	17.3	11.0	8.1	-0.2	-0.7	0.7
EUR/TRY	0.0	1.1	60.6	0.0	0.3	-0.5
EUR/Other currencies	61.2	65.0	53.0	-0.9	-0.8	-0.4
Sale of EUR against foreign currencies						
EUR/SGD	129.0	98.3	21.3	3.2	3.6	-0.4
EUR/PLN	28.2	36.2	32.2	1.3	-0.6	-0.5
EUR/JPY	1.4	8.7	15.2	-0.1	0.1	-0.6
EUR/HKD	0.0	0.0	16.5	0.0	0.0	-1.2
EUR/Other currencies	3.3	5.6	3.9	0.5	0.2	0.1
Purchase of USD against foreign currencies						
USD/CNY	306.0	256.6	179.4	1.9	-11.8	-11.2
USD/BRL	80.8	46.3	26.6	-0.8	1.3	-1.4
USD/THB	32.9	31.0	33.9	-1.4	0.9	-1.7
USD/KRW	9.2	15.5	15.4	0.1	0.6	-1.3
USD/PEN	18.4	12.9	11.8	-0.7	0.1	0.2
USD/TWD	12.5	11.2	13.1	0.2	0.2	-0.1
USD/PHP	8.8	9.6	20.4	-0.2	0.3	-0.5
USD/Other currencies	15.9	9.0	16.8	-0.1	0.0	-0.7
Sale of USD against foreign currencies						
USD/IDR	29.8	22.4	25.6	-0.5	0.7	1.5
USD/Other currencies	0.0	0.6	0.0	0.0	-0.2	0.0

€ millions	Notional				Market value	
	31.12.2022	31.12.2021	31.12.2020	31.12.2022	31.12.2021	31.12.2020
Purchase of CNY against foreign currencies						
CNY/IDR	29.0	28.4	18.9	0.3	-0.2	-0.3
CNY/THB	20.2	21.8	21.1	-1.1	1.1	0.3
CNY/INR	17.7	21.4	23.5	0.1	0.1	0.8
CNY/PHP	10.8	9.1	3.4	-0.3	0.3	0.1
CNY/Other currencies	7.0	6.3	7.9	0.1	0.3	0.4
Other currencies pairs						
JPY/CNY	66.7	95.6	48.9	0.9	-7.0	-1.5
KRW/CNY	25.6	31.8	44.5	1.3	-2.7	0.6
PLN/RUB	0.0	5.7	10.6	0.0	-0.4	0.3
Others	34.2	33.8	27.5	1.2	-1.0	-0.6
Currency futures total	3,395.9	3,253.11	2,531.0	26.5	-175.8	6.2
Currency options						
EUR/CNY	0.0	0.0	101.1	0.0	0.0	3.6
EUR/RUB	0.0	0.0	62.2	0.0	0.0	7.4
EUR/BRL	0.0	11.1	26.0	0.0	0.1	2.1
USD/BRL	0.0	0.0	18.6	0.0	0.0	0.6
EUR/USD	0.0	28.2	13.6	0.0	0.0	1.1
EUR/TRY	0.0	0.0	9.4	0.0	0.0	1.5
Other currencies	0.0	0.0	0.0	0.0	0.0	0.0
Currencies options total	0.0	39.3	230.9	0.0	0.1	16.3
Of which total options purchased	0.0	39.3	230.9	0.0	0.1	16.3
Of which total options sold	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INSTRUMENTS	3,395.9	3,292.4	2,761.9	26.5	-175.7	22.5

NOTE 23. Transactions and balances with related entities and parties

All material related-party transactions were entered into on an arm's length basis.

NOTE 24. Off-balance sheet commitments

24.1. Lease commitments

Operating lease commitments amounted to €78.2 million due in less than one year, €176.6 million due between one and five years and €29.3 million due after five years.

The breakdown of finance lease commitments is provided in note 13.

24.2. Other off-balance sheet commitments

Confirmed credit facilities are set out in note 19.

Other off-balance sheet commitments can be broken down as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Commitments in connection with employee retirement obligations and related benefits ⁽¹⁾	-205.5	111.2	499.4
Commitments to buy out non-controlling interests	11.6	10.6	8.5
Guarantees given ⁽²⁾	2,002.9	4,579.0	4,235.6
Guarantees received	2.8	1.6	3.3
Capital expenditure orders	111.4	154.0	74.2
Documentary credits	-	-	-

(1) The discount rate used in 2022 to measure commitments was 3.75% for plans providing for the payment of capital and 3.75% for annuity plans, compared with 0.80% and 1.10% respectively in 2021, and 0.30% and 0.60% in 2020. The increase in interest rates resulted in a funding surplus for pension liabilities in the amount of €205 million at end 2022.

An agreement for the pooling of employee-related liabilities was set up in 2004. Pursuant to this agreement, commitments are allocated among the French companies in the Group and their financing is organised in proportion to their respective payroll costs (customised for each plan) so that the companies are joint and severally liable for meeting the aforementioned commitments within the limit of the collective funds built up.

(2) This line includes miscellaneous guarantees and warranties, including €1,922.9 million at 31 December 2022 on behalf of the Group's direct and indirect subsidiaries, compared with €4,434.4 million at 31 December 2021 and €4,100.5 million at 31 December 2020. Seller's warranties are also included in this amount as appropriate. This line also includes a commitment to pay towards the Notre Dame Cathedral Reconstruction fund.

24.3. Contingent liabilities

In the ordinary course of its operations, L'Oréal is involved in legal actions and is subject to tax assessments, customs controls and administrative audits. The Company sets aside a provision when a risk is found to exist and the related cost can be reliably estimated.

No exceptional event or dispute is highly likely to have a material impact on the Company's earnings, financial position, assets or operations.

NOTE 25. Changes in working capital

Changes in working capital can be broken down as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Inventories	-32.3	7.1	-11.9
Accounts Receivable	-100.1	-233.3	79.7
Accounts Payable	197.9	271.2	117.2
TOTAL	65.5	45.0	185.0

NOTE 26. Changes in other financial assets

This line primarily includes cash flows relating to financial instruments, classified as marketable securities.

NOTE 27. Net cash and cash equivalents at the end of the year

Cash and cash equivalents can be broken down as follows:

€ millions	31.12.2022	31.12.2021	31.12.2020
Cash and cash equivalents	616.2	0.6	3,791.3
Accrued interest receivable	1.8	-	-
Accrued interest payable	-	-	-1.0
NET CASH AND CASH EQUIVALENTS	618.0	0.6	3,790.3

NOTE 28. Other information

Statutory audit fees are presented in note 16 to the Consolidated Financial Statements.

NOTE 29. Subsequent events

L'Oréal S.A. wishes to implement a simplification and streamlining of its organisation in order to provide a better operating method for its activities in France. This proposed reorganisation consists in particular of spinning off certain of L'Oréal S.A.'s operational activities, hosting them in dedicated structures in order to give them their autonomy.

L'Oréal S.A.'s Board of Directors meeting of 9 February 2023 approved two proposed partial asset contributions, taking account of social and environmental issues in particular.

These transactions consist of:

- a contribution to L'Oréal France of the complete and autonomous branches of activities (i) Affaires Marché France (marketing activity on the French market for products from the Group's four Divisions – Products Grand Public France, Produits Professionnels France, Luxe France and Cosmétique Active France), (ii) Domaines d'Excellence (services activity for subsidiaries based in France, carried out by central services and support functions) and (iii) all shares comprising the capital of Luxury of Retail, a wholly owned subsidiary of the Company;
- a contribution to L'Oréal International Distribution of the complete and autonomous branch of the International Distribution activity (operating the brands of the four Divisions in countries where the brands are not marketed by the Company's subsidiaries, as well as globally driving the distribution network).

The completion date of these contributions will be set at 1 July 2023, subject to extension until 31 December 2023 at the latest.

NOTE 30. Table of subsidiaries and holdings

TABLE OF SUBSIDIARIES AND HOLDINGS AT 31 DECEMBER 2022

€ thousands	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Book value of shares held gross (after revaluation)		Profit or loss in last year	Dividends ⁽¹⁾ booked during the year
				Gross	Net		
A. Main French subsidiaries (Holdings of over 50%)							
Azzaro Mugler Beauté France	78,723	790	100.00%	78,723	78,723	542	2,176
Beauté, Recherche & Industries	1,069	15,126	100.00%	9,495	9,495	8,280	6,390
Cosmétique Active International	19	13,947	88.97%	15,100	15,100	100,207	67,230
Cosmétique Active Production	186	22,917	80.13%	5,081	5,081	11,354	8,294
EpiSkin	13,609	11,115	99.92%	17,999	17,999	615	0
Fapagau & Cie	15	4,270	79.00%	12	12	15,884	6,594
Faporeal	11,944	5,378	100.00%	11,953	11,953	6,600	5,107
Finval	19,516	142,683	100.00%	75,677	75,677	72,471	27,654
Gemey Paris - Maybelline New York	35	8,374	99.96%	46	46	5,390	4,512
Holdial	1	4	98.00%	1	1	784	2,806
L & J Ré	27,500	14,173	100.00%	27,500	27,500	-3,098	0
La Roche-Posay Laboratoire Pharmaceutique	380	4,437	99.98%	27,579	27,579	37,674	29,825
Noveal	1,958	10,294	100.00%	21,501	21,501	5,037	4,643
Nutricos Technologies	535	2	50.00%	38,125	0	-108	0
Laboratoire Sanoflore	10	1,147	100.00%	5,197	1,697	778	749
L'Oréal Fund For Nature Regeneration	60,000	-1,745	100.00%	60,000	60,000	-1,251	0
L'Oréal Produits de Luxe International	98	75,253	99.85%	75,350	75,350	64,763	19,016
LOA3	90,402	-37,741	100.00%	90,400	52,400	-59	0
BOLD (Business Opportunities for L'Oréal Development)	178,853	109,195	100.00%	299,603	299,603	573	0
LOA7	838	-4,099	100.00%	1,129	29	542	0
Real Campus by L'Oréal	7,205	-4,620	100.00%	7,205	7,205	-1,596	0
LOA10	8,005	-1,475	100.00%	8,005	8,005	-3,458	0
LOA11	50	-5	100.00%	50	50	-5	0
LOA12	50	0	99.98%	50	50	-5	0
LOA13	50	0	99.98%	50	50	-5	0
LOA14	50	0	99.98%	50	50	-5	0
LOA15	50	0	99.98%	50	50	-5	0
Retail Excellence 4	508	402	100.00%	825	825	668	843
Prestige & Collections International	78	7,465	99.81%	98,364	98,364	523,461	406,413
Magic Holdings International Limited	33	8	100.00%	63,411	11	-113	40,678
Sicôs & Cie	375	11,428	100.00%	1,076	1,076	11,525	11,981
Soprocos	8,250	9,287	100.00%	11,904	11,904	3,789	9,994
Soproral	15	2,838	99.90%	15	15	10,788	7,362
Sparlys	7,378	14,186	100.00%	18,553	18,553	2,033	0
Thermes De Saint Gervais Les Bains Le Fayet	1,047	3,242	100.00%	22,942	16,942	-397	0
B. Main French investments (Holdings of under 50%)							
Euroapi	94,027	0	5.47%	74,535	74,535		0
Sanofi ⁽²⁾	2,531,000	0	9.38%	423,887	423,887		468,232

(1) Including profits distributed by the SNCs (general partnership), and Sociétés civiles (non trading companies), that are not tax consolidated.

(2) Listed company. At the end of the year, L'Oréal owned 118,227,307 shares. Their market value at 31 December 2022 amounted to €10,621,541 thousand.

€ thousands	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Book value of shares held gross (after revaluation)		Profit or loss in last year	Dividends booked during the year
				Gross	Net		
A. Main foreign subsidiaries (Holdings of over 50%) ⁽¹⁾							
Atelier Cologne (Luxembourg)	1,210	13,290	100.00%	89,200	13,409	22	0
Beautycos International Co. Ltd (China)	52,482	35,631	73.46%	46,195	46,195	16,000	9,560
Beautylux International Cosmetics (Shanghai) Co. Ltd (China)	5,629	117	100.00%	16,871	4,871	323	0
Biotherm (Monaco)	152	16	99.80%	3,545	3,545	8,003	7,597
Canan Kozmetik Sanayi Ve Ticaret A.S. (Turkey)	6,451	-1,386	100.00%	30,290	2,860	-3,729	0
Cosmelor Ltd (Japan)	548	15,012	100.00%	35,810	30,360	9,353	5,823
Cosmephil Holdings Corporation (Philippines)	171	-122	100.00%	400	14	0	0
Egyptelcor LLC (Egypt)	6	-101	99.80%	7	7	292	0
Elebelle (Proprietary) Ltd (South Africa)	806	25,146	100.00%	61,123	13,123	-1,728	0
Erwiton S.A. (Uruguay)	147	1,218	100.00%	3	3	14,138	12,731
Interbeauty Cosmetics Ltd (Israel)	4,137	17,547	92.97%	38,497	38,497	15,656	2,317
Kosmepol Sp. z.o.o. (Poland)	38,844	53,099	99.73%	48,965	48,965	1,389	6,223
L'Oréal Adria d.o.o. (Croatia)	131	4,088	100.00%	1,503	1,503	9,320	8,356
L'Oréal Argentina S.A.	5,334	135,394	96.82%	183,864	61,964	9,956	0
L'Oréal Australia Pty Ltd	2,711	17,405	100.00%	33,867	33,867	63,828	61,080
L'Oréal Balkan d.o.o. (Serbia)	1,283	-442	100.00%	1,285	1,285	2,990	2,471
L'Oréal Baltic SIA (Lithuania)	387	-1,018	100.00%	529	529	-343	5,019
L'Oréal Bangladesh Ltd (Bangladesh)	2,700	-2,108	100.00%	2,635	0	-1,784	0
L'Oréal Brasil	315,720	-122,720	90.82%	287,835	287,835	77,946	20,122
L'Oréal Belgilux S.A. (Belgium)	16,124	17,253	98.93%	77,150	77,150	128,359	26,169
L'Oréal Brasil Pesquisas e Inovacao Ltda	45,887	-11,632	99.99%	45,654	45,654	1,053	0
L'Oréal Bulgaria EOOD	102	735	100.00%	102	102	3,581	4,688
L'Oréal Canada Inc.	3,979	114,169	100.00%	146,517	146,517	103,141	97,733
L'Oréal Central America (Panama)	8	-274	100.00%	8	0	237	0
L'Oréal Central West Africa (Nigeria)	3,443	-3,436	99.91%	18,106	8	0	0
L'Oréal Ceska Republika s.r.o (Czech Republic)	2,268	3,041	100.00%	4,983	4,983	27,791	29,051
L'Oréal Chile S.A. (Chile)	6,173	-3,373	100.00%	43,784	43,784	33,249	27,395
L'Oréal China Co Ltd (China)	43,498	70,092	100.00%	345,733	345,733	915,363	738,556
L'Oréal Colombia S.A. (Colombia)	11,658	29,937	100.00%	80,419	49,419	1,688	0
L'Oréal Cosmetics Industry S.A.E. (Egypt)	58,382	-42,732	100.00%	58,363	23,363	4,346	0
L'Oréal Côte d'Ivoire	1,999	-10,463	100.00%	2,499	0	-6,143	0
L'Oréal Danmark A/S (Denmark)	270	5,449	100.00%	8,336	8,336	42,928	48,676
L'Oréal Deutschland GmbH (Germany)	12,647	62,356	100.00%	76,855	76,855	88,743	127,412
L'Oréal East Africa Ltd (Kenya)	203	18,885	99.97%	61,350	11,798	-18,545	0
L'Oréal Espana S.A. (Spain) (incl. Oomes merger)	59,911	18,453	100.00%	361,454	361,454	78,127	73,033
L'Oréal Finland Oy (Finland)	673	-38	100.00%	1,280	1,280	6,184	3,000
L'Oréal Guatemala S.A.	1,044	1,278	100.00%	2,162	2,162	3,267	2,444
L'Oréal Hellas S.A. (Greece)	9,736	1,462	100.00%	35,307	35,307	19,828	17,104
L'Oréal Hong Kong Ltd	-77	-7,119,255	100.00%	24,276	24,276	7,146,756	7,653,391
L'Oréal India Private Ltd (India)	48,691	-51,888	100.00%	75,987	75,987	61,053	59,953
L'Oréal Italia Spa	1,680	46,198	100.00%	226,469	226,469	60,140	72,853
L'Oréal Kazakhstan Lip (Kazakhstan)	422	382	100.00%	422	422	899	1,616
L'Oréal Korea Ltd (South Korea)	1,991	17,295	100.00%	20,794	20,794	12,398	2,989

€ thousands	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Book value of shares held gross (after revaluation)		Profit or loss in last year	Dividends booked during the year
				Gross	Net		
L'Oréal Liban SAL	-428	1,661	100.00%	4,136	6	-1,840	0
L'Oréal Magyarország Kosmetikai Kft (Hungary)	428	-147	100.00%	787	787	4,673	2,128
L'Oréal Malaysia SDN BHD	3,268	6,479	100.00%	6,762	6,762	11,031	0
L'Oréal Mexico S.A. de C.V. (Mexico)	2,349	98,349	100.00%	8,443	8,443	42,998	41,284
L'Oréal Middle East (United Arab Emirates)	7,761	4,635	100.00%	54,379	53,379	46,713	31,871
L'Oréal Nederland B.V. (Netherlands)	1,178	-916	100.00%	22,014	22,014	37,420	24,448
L'Oréal New Zealand Ltd (New Zealand)	44	2,818	100.00%	6,110	6,110	9,689	8,771
L'Oréal Norge A/S (Norway)	1,384	2,396	100.00%	4,050	4,050	6,290	3,058
L'Oréal Osterreich Gmbh (Austria)	2,915	1,644	100.00%	3,818	3,818	3,655	60,957
L'Oréal Pakistan Private Ltd	19,609	-28,938	100.00%	20,234	2,700	-960	0
L'Oréal Panama S.A.	159	1,959	100.00%	168	168	1,668	893
L'Oréal Peru S.A. (Peru)	2,322	386	100.00%	3,739	3,739	9,629	964
L'Oréal Philippines Inc.	3,696	-4,320	99.50%	39,107	1,917	-750	0
L'Oréal Polska Sp. Z.O.O. (Poland)	405	279	100.00%	707	707	43,607	35,521
L'Oréal Portugal Lda	495	-67	100.00%	6,459	6,459	66,542	8,633
L'Oréal Romania SRL (Romania)	799	86	100.00%	974	974	16,718	12,824
L'Oréal Saudi Arabia	5,682	3,122	74.63%	4,260	4,260	4,789	3,233
L'Oréal Singapore Pte Ltd (Singapore)	6,402,955	132,872	100.00%	6,394,939	6,394,939	-321,400	9,852
L'Oréal Slovensko s.r.o. (Slovakia)	98	935	100.00%	173	173	-18	12,597
L'Oréal Suisse S.A.	346	14,340	100.00%	160,311	160,311	17,883	25,947
L'Oréal Sverige AB (Sweden)	2,038	-283	100.00%	2,247	2,247	18,212	8,752
L'Oréal Taiwan Co Ltd	187	-1,368	100.00%	17,881	17,881	33,440	24,419
L'Oréal Thailand Ltd	3,992	1,987	99.99%	5,238	5,238	14,159	9,919
L'Oréal Türkiye Kozmetik Sanayi Ve Ticaret Anonim Şirketi	39,142	-32,086	100.00%	55,093	14,243	3,910	0
L'ORÉAL UAE General Trading LLC (United Arab Emirates)	21,638	13,429	100.00%	34,523	34,523	7,427	6,712
L'Oréal UK Ltd (United Kingdom)	121,150	-56,786	100.00%	145,573	145,573	174,465	149,443
L'Oréal Ukraine	3,033	10,316	100.00%	2,990	0	2,192	0
L'Oréal Uruguay S.A.	244	-749	100.00%	2,718	2,718	1,757	0
L'Oréal USA Inc. ⁽³⁾	647,731	3,932,273	100.00%	4,851,879	4,851,879	1,169,527	925,337
L'Oréal Venezuela C.A.	0	3,264	100.00%	26,953	0	-2,018	0
L'Oréal Vietnam Co Ltd	13,537	-634	100.00%	13,646	13,646	10,100	0
L'Oréal West Africa Ltd (Ghana)	18,872	-21,117	100.00%	21,760	0	-262	0
Masrelor LLC (Egypt)	17,686	-12,213	100.00%	17,573	17,573	-1	412
Nanda CO Ltd. (Korea)	-705	42,276	100.00%	485,563	485,563	18,720	15,952
Nihon L'Oréal KK (Japan)	-17,697	134,522	100.00%	351,504	351,504	-21,315	0
L'Oréal Travel Retail Americas Inc. (USA)	40	2,525	100.00%	100,317	100,317	21,482	0
Procosa Produtos de Beleza Ltda (Brazil)	154,665	-34,281	100.00%	223,938	223,938	13,282	32,084
P.T. L'Oréal Indonesia	1,510	-593	99.00%	2,305	2,305	8,882	5,737
P.T. Yasulor Indonesia	73,931	-941	99.99%	110,022	79,022	4,565	4,405
Scental Limited (Hong-Kong)	5	207	100.00%	8	8	0	0
Venprobel (Venezuela)	0	0	100.00%	2,722	0	0	0
B. Main foreign investments (Holdings of under 50%)⁽¹⁾							
LIPP Distribution (Tunisia)	3,561	2,624	49.00%	9,009	9,009	1,746	904

(1) For foreign subsidiaries and investments, the capital, reserves and retained earnings have been translated into thousands of euros on the basis of year-end exchange rates, while profits and losses have been translated at average rate.

It is specified that the list above is not exclusive.

(2) Data from the sub-consolidation of subsidiary L'Oréal USA INC

Global information relating to subsidiaries and investments

€ thousands	Subsidiaries		Other investments	
	French	Foreign	French	Foreign
Book value of shares held:				
• Gross (after revaluation)	1,093,037	15,816,476	510,885	9,009
• Net	942,912	15,200,578	510,885	9,009
Amount of loans and advances granted		32,239		
Amount of guarantees and security granted	11,078	1,911,860		
Amount of dividends booked	662,284	10,593,516	469,534	906

6.6. Other information relating to the financial statements of L'Oréal S.A.

6.6.1. Expenses and charges falling under Article 223 *quater* of the French Tax Code

The total amount of expenses and charges falling under Article 223 *quater* of the French General Tax Code (so-called sumptuary expenses) and the amount of tax applicable to such expenses and charges are as follows:

Expenses and charges	€4.4 million
Corresponding tax	€1.1 million

6.6.2. Invoices issued and received but not paid at the end of the financial year and in arrears

In accordance with the French law on the Modernisation of the Economy of 4 August 2008 and Articles L. 441-14 and D. 441-6 of the French Commercial Code, invoices issued and received but not paid at 31 December 2021 and in arrears are broken down as follows:

	Article D. 441-6, I.-1°: Invoices received but not paid at the end of the financial year and in arrears						Article D. 441-6, I.-2°: Invoices issued but not paid at the end of the financial year and in arrears					
	0 days (indicative)	1-30 days	31-60 days	61-90 days	91 days or more	Total (1 day or more) ⁽¹⁾	0 days (indicative)	1-30 days	31-60 days	61-90 days	91 days or more	Total (1 day or more)
A. Late payment tranches												
Number of invoices concerned	30					1,030	29,727					6,969
Total amount of invoices concerned, including taxes	-354,871	-7,094,843	193,327	71,711	-148,808	-6,978,614	231,216	16,990,992	17,031,288	12,896,984	51,201,586	98,120,850
Percentage of total amount of purchases (including taxes) for the financial year	-0.01	-0.13	0.00	0.00	0.00	-0.13						
Percentage of sales (including tax) for the financial year							0.00	0.23	0.23	0.17	0.68	1.31
B. Invoices excluded from A. because of disputed or unrecognised payables and receivables												
Number of invoices excluded						2,708						71
Total amount of invoices excluded						14,529,907						218,240
C. Benchmark payment terms used (contractual or statutory term, Article L. 441-6 or L. 443-1 of the French Commercial Code)												
Benchmark payment terms used to calculate late payments	Contractual payment terms: 45 days from end of month Statutory payment terms: 45 days from end of month											

(1) Including amount of invoices due to L'Oréal Group companies (intra-group): -€8,245,474 for invoices received; €95,970,899 for invoices issued, i.e. 96% of the total amount.

6.6.3. Sales (excluding taxes)

€ millions	2022	2021	% change
Sales			
1 st quarter	1,518.5	1,319.7	15.06%
2 nd quarter	1,575.5	1,280.9	23.00%
3 rd quarter	1,525.6	1,274.0	19.75%
4 th quarter	1,662.4	1,380.8	20.39%
TOTAL	6,282.0	5,255.4	19.53%

Sales includes sales of goods net of any rebates and discounts granted, along with services provided and technology royalties.

6.7. Five-year financial summary

L'Oréal company (excluding subsidiaries)

€ millions (except for earnings per share, shown in €)	2018	2019	2020	2021	2022
I. Financial situation at financial year-end					
a) Share capital	112.1	111.6	112.0	111.5	107.0
b) Number of shares	560,396,652	558,117,205	559,871,580	557,672,360	535,186,562 ⁽¹⁾
c) Number of convertible bonds	0	0	0	0	0
II. Overall results of operations					
a) Net pre-tax sales	3,888.4	4,131.0	4,837.8	5,255.4	6,282.0
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment activities and profit-sharing reserve)	4,017.1	4,658.7	4,570.7	4,174.1	12,579.2
c) Income tax	+6.9	-82.7	-22.8	-1.7	-250.4
d) Net profit	3,594.9	4,105.8	4,158.8	3,860.5	12,343.1
e) Amount of distributed profits	2,176.7	2,172.6	2,264.4	2,601.2	3,245.5 ⁽²⁾
III. Results of operations per share					
a) Profit after tax and profit-sharing, but before depreciation, amortisation and provisions	7.14	8.12	8.07	7.43	22.98
b) Net profit	6.41	7.36	7.43	6.92	23.06
c) Dividend paid on each share (not including tax credit)	3.85	3.85	4.00	4.80	6.00 ⁽²⁾
IV. Personnel					
a) Number of employees	7,510	7,692	8,900	9,134	9,543
b) Total salaries	667.4	692.3	804.6	860.9	945.8
c) Amount paid for welfare benefits (social security, provident schemes etc.)	312.0	346.2	408.6	415.8	430.5

(1) The share capital comprises 535,186,562 shares with a par value of €0.2 following the issue of 448,267 shares under the employee shareholding plan, the delivery of 868,225 shares under the ACAS 2018 plan, the early exercise of 581 shares under the ACAS 2019, 2020 and 2021 plans, and the cancellation of 23,802,871 shares of which 22,260,000 Nestlé shares.

(2) The dividend will be proposed to the Annual General Meeting of 21 April 2023.

6.8. Equity investments (main changes including shareholding threshold changes)

Equity investments

(Main changes including shareholding threshold changes >5%)

€ millions Headings	At 31.12.2021 including revaluation		Acquisitions	Subscriptions	Others	31.12.2022	
	Amount	%	Amount	Amount	Amount	Amount	%
Atelier Cologne Luxembourg	92.9	100.0			-3.7 ⁽¹⁾	89.2	100.0
BOLD (Business Opportunities for L'Oréal Development)	83.6	100.0		216.0		299.6	100.0
Euroapi	-	-			74.5 ⁽²⁾	74.5	5.5
LOA12	-	-		-		-	100.0
LOA13	-	-		-		-	100.0
LOA14	-	-		-		-	100.0
LOA15	-	-		-		-	100.0
L'Oréal Argentina S.A. (Argentina)	161.6	96.2			22.3 ⁽³⁾	183.9	96.8
L'Oréal Côte d'Ivoire	0.6	100.0			1.9	2.5	100.0
L'Oréal East Africa Ltd (Kenya)	53.8	100.0			7.5	61.3	100.0
L'Oréal Fund For Nature Regeneration	20.0	100.0		40.0		60.0	100.0
L'Oréal Pakistan Private Ltd	17.5	100.0			2.7	20.2	100.0
L'Oréal Singapore Pte Ltd (Singapore)	19.0	100.0		6,375.9		6,394.9	100.0
L&J Ré	1.5	100.0		26.0		27.5	100.0
Nanda CO Ltd (Korea)	500.2	100.0			-14.7 ⁽¹⁾	485.6	100.0
SCIENCEMED	0.0	100.0		8.0		8.0	100.0
Sparlys	8.6	100.0			10.0 ⁽³⁾	18.6	100.0

(1) Discounting of the earn-out.

(2) Exceptional additional dividend paid by Sanofi in the form of Euroapi shares.

(3) Share capital increase by incorporation of receivables.

6.9. Statutory Auditor's Report on the Financial Statements

Year ended December 31, 2022

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

L'OREAL

14, rue Royale
 75008 Paris

To the Annual General Meeting of L'Oréal,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting we have audited the accompanying financial statements of L'Oréal for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

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

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period January 1, 2022 to the date of our report, and specifically we did not provide any prohibited non audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key Audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

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

Measurement of investments and intangible assets (excluding software and assets in progress)

See notes Accounting principles 1.6 - Intangible assets and 1.8.1 - Investments, note 11 - Intangible assets, note 14 - Financial fixed assets and note 30 - List of subsidiaries and investments, to the notes to the financial statements

Risk identified	Our response
<p>At December 31, 2022, investments and intangible assets (excluding software and assets in progress) were recorded in the balance sheet for a net book value of € 17 billion and € 4.3 billion, respectively, i.e. 84% of the balance sheet total. They are recorded at their date of entry at acquisition cost.</p> <p>An impairment loss is recognized if the value in use of a given item falls below its net carrying amount.</p>	<p>We examined the methodology employed by Management to estimate the value in use of investments and intangible assets (excluding software and assets in progress).</p> <p>Our audit work mainly focused on examining, on the basis of the information provided to us, that the estimated values determined by Management were based on an appropriate measurement method and in assessing the quality of these estimates by considering the data, assumptions and calculations used.</p> <p>We focused our work primarily on investments and intangible assets with a value in use close to their net book value.</p>