

Parent Company Financial Statements AFR

6

6.1	Compared Income Statements	362
6.2	Compared Balance Sheets	363
6.3	Changes in Shareholders' Equity	364
6.4	Statements of Cash Flows	365
6.5	Notes to the Financial Statements of L'Oréal S.A.	366
6.6	Other information relating to the Financial Statements of L'Oréal S.A.	384
6.6.1	Expenses and charges falling under Article 223 <i>quater</i> of the French General Tax Code	384
6.6.2	Invoices issued and received but not paid at the closing date of the financial year and in arrears	384
6.6.3	Net sales (excluding taxes)	385
6.7	Five-year financial summary	385
6.8	Equity investments (main changes including shareholding threshold changes)	386
6.9	Statutory Auditors' Report on the Financial Statements	387

AFR This information is an integral part of the Annual Financial Report as provided for 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 closing date of the financial year and in arrears, provided for by Articles L. 441-14 and D. 441-6 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	31.12.2023	31.12.2022	31.12.2021
Operating revenue		6,909.6	7,164.5	5,944.5
Sales	2	5,982.7	6,282.0	5,255.4
Reversals of provisions and transfers of charges		169.9	168.4	135.6
Other revenue	3	757.0	714.1	553.5
Operating expenses		-5,917.1	-6,290.3	-5,297.1
Purchases and change in inventories		-478.9	-792.8	-705.4
Other purchases and external charges		-3,296.1	-3,309.4	-2,659.0
Taxes and similar payments		-120.6	-129.7	-135.4
Personnel costs		-1,307.6	-1,376.3	-1,276.7
Depreciation, amortisation and charges to provisions	5	-381.3	-314.2	-288.7
Other charges		-332.6	-367.9	-231.9
Operating profit		992.5	874.2	647.4
Net financial revenue	6	5,124.1	11,711.7	3,517.1
Net charges/reversals of provisions and transfers of charges	6	-2,010.5	108.1	-183.4
Exchange gains and losses		35.8	-316.1	-93.6
Net financial income		3,149.4	11,503.7	3,240.1
Profit before tax and exceptional items		4,141.9	12,377.9	3,887.5
Exceptional items	7	-113.8	246.6	2.1
Employee Profit Sharing		-37.7	-31.0	-27.4
Income tax	8	-164.1	-250.4	-1.7
NET PROFIT		3,826.3	12,343.1	3,860.5

6.2. Compared Balance Sheets

ASSETS

€ millions (net values)	Notes	31.12.2023	31.12.2022	31.12.2021
Intangible assets	11	4,258.1	4,876.4	4,607.4
Tangible assets	12	439.2	625.3	573.4
Financial assets	13	20,353.0	17,274.6	19,272.1
Non-current assets		25,050.3	22,776.3	24,452.9
Inventories		0.9	135.6	102.3
Prepayments to suppliers		12.5	11.6	6.4
Trade accounts receivable	15	722.9	1,030.9	770.2
Other current assets	15	347.8	513.6	515.0
Marketable securities and cash instruments	14	72.0	76.8	33.4
Cash and cash equivalents	26	347.1	618.0	0.6
Current assets		1,503.2	2,386.5	1,427.9
Prepaid expenses		61.0	90.8	84.4
Bond redemption premiums		7.4	0.0	0.0
Unrealised exchange losses	20	45.4	59.6	188.2
TOTAL ASSETS		26,667.3	25,313.3	26,153.4

LIABILITIES

€ millions	Notes	31.12.2023	31.12.2022	31.12.2021
Share capital		106.9	107.0	111.5
Additional paid-in capital		3,370.2	3,368.7	3,265.6
Reserves and retained earnings		11,267.8	2,673.0	10,813.1
Net profit		3,826.3	12,343.1	3,860.5
Regulated provisions		16.9	22.0	29.9
Shareholders' equity		18,588.1	18,513.8	18,080.6
Provisions for liabilities and charges	17	320.3	596.6	878.3
Borrowings and debt	18	6,555.3	3,872.1	4,946.5
Trade accounts payable	19	597.1	1,201.8	994.7
Other current liabilities	19	543.9	1,051.2	1,234.8
Other liabilities		7,696.3	6,125.1	7,176.0
Unrealised exchange gains	20	62.6	77.8	18.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26,667.3	25,313.3	26,153.4

6.3. Changes in Shareholders' Equity

The share capital comprises 534,725,475 shares with a par value of €0.2 each following transactions carried out in financial year 2023:

- issue of 34,020 shares under the employee shareholding plan;
- issue of 776,525 free shares;
- cancellation of 1,271,632 shares.

Changes in shareholders' equity are as follows:

€ millions	Share capital	Additional paid-in capital	1976 revaluation reserve	Reserves and retained earnings	Net profit for the financial year	Regulated provisions and investment grants	Total
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
Financial year 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
Financial year 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
Capital increase	0.2	1.5					1.7
Cancellation of shares	-0.3			-499.7			-500.0
Appropriation of 2022 net profit				9,094.7	-9,094.7		0.0
Dividends paid for 2022					-3,248.4		-3,248.4
Financial year 2023 net profit					3,826.3		3,826.3
Other movements during the period				-0.2		-5.1	-5.3
BALANCE AT 31 DECEMBER 2023 BEFORE APPROPRIATION OF NET PROFIT	106.9	3,370.2	42.5	11,225.3	3,826.3	16.9	18,588.1

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 -€2.9 million in 2023, compared with -€4.5 million in 2022 and -€2.7 million in 2021.

The item "Regulated provisions and investment grants" amounted to €16.9 million at 31 December 2023, compared with €22 million at 31 December 2022 and €29.9 million at 31 December 2021. This item mainly consisted of accelerated tax-driven depreciation.

Details of option plans and free share plans are provided in note 16.

6.4. Statements of Cash Flows

€ millions	Notes	31.12.2023	31.12.2022	31.12.2021
Operating activities				
Net profit		3,826.3	12,343.1	3,860.5
Depreciation and amortisation	11 - 12	142.5	166.0	162.7
Charges to provisions (net of reversals) ⁽¹⁾		2,077.6	-208.9	121.8
Gains and losses on disposals of non-current assets		122.8	4.3	57.9
Other non-cash transactions		16.2		3.6
Gross cash flow		6,185.4	12,304.5	4,206.5
Changes in working capital ⁽¹⁾	24	-566.8	65.5	45.0
Net cash provided by operating activities		5,618.6	12,370.0	4,251.5
Investing activities				
Investments in non-current assets	11 - 12 - 13	-1,845.9	-7,845.7	-10,594.5
Changes in other financial assets	25	-3,582.4	-361.7	171.8
Disposals of non-current assets		109.3	27.2	36.5
Net cash from investing activities		-5,319.0	-8,180.2	-10,386.2
Financing activities				
Capital increase		1.5	103.2	5.8
Dividends paid		-3,248.4	-2,601.2	-2,264.4
Changes in financial debt	18	2,675.8	-1,074.4	4,577.3
Net cash from financing activities		-571.1	-3,572.4	2,318.7
Cash acquired or sold in the period (complete transfer of assets and liabilities)		0.6	0.0	26.3
Change in cash and cash equivalents		-270.9	617.4	-3,789.7
Net cash and cash equivalents at beginning of the year	26	618.0	0.6	3,790.3
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	347.1	618.0	0.6

(1) Following the settlement of the dispute with the French Competition Authority, the reversal of the provision and the reversal of the receivable for the same amount of €189.5 million have been presented as non-cash transactions.

6.5. Notes to the Financial Statements of L'Oréal S.A.

NOTES CONTENTS

NOTE 1.	Accounting principles	367	NOTE 17.	Provisions for liabilities and charges	375
NOTE 2.	Sales	369	NOTE 18.	Borrowings and debt	375
NOTE 3.	Other revenue	369	NOTE 19.	Maturity of payables	376
NOTE 4.	Average headcount	369	NOTE 20.	Translation adjustments	377
NOTE 5.	Depreciation, amortisation and charges to provisions	369	NOTE 21.	Derivative financial instruments	377
NOTE 6.	Net financial income	370	NOTE 22.	Transactions and balances with related entities and parties	379
NOTE 7.	Exceptional items	370	NOTE 23.	Off-balance sheet commitments	379
NOTE 8.	Income tax	370	NOTE 24.	Changes in working capital	379
NOTE 9.	Increases or reductions in future tax liabilities	371	NOTE 25.	Changes in other financial assets	379
NOTE 10.	Research costs	371	NOTE 26.	Net cash and cash equivalents at the end of the year	380
NOTE 11.	Intangible assets	371	NOTE 27.	Other information	380
NOTE 12.	Tangible assets	372	NOTE 28.	Subsequent events	380
NOTE 13.	Financial assets	372	NOTE 29.	Table of subsidiaries and holdings	380
NOTE 14.	Marketable securities and cash instruments	373			
NOTE 15.	Maturity of receivables	373			
NOTE 16.	Stock purchase or subscription options – Free shares – Employee shareholding plan	373			

Highlights of the financial year

Reorganisation

On 9 February 2023, L'Oréal's Board of Directors approved two proposed partial asset contributions, which were set to take place on 1 July 2023.

These transactions consisted of:

- a contribution to the company L'Oréal France comprising the complete and autonomous branches of business activity of Affaires Marchés France (marketing activity on the French market for products from the Group's four Divisions – Consumer Products France and Professional Products France, Luxe France and Dermatological Beauty France), Domaines d'Excellence (services activity for subsidiaries based in France, carried out by central services and support functions), and all shares comprising the capital of Luxury of Retail, a wholly-owned subsidiary of L'Oréal;
- a contribution, to the L'Oréal International Distribution company, 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).

Acquisition/disposal

In April 2023, the Group announced that it had signed an agreement with Natura & Co to acquire Aésop, the Australian luxury cosmetics brand, for €2.4 billion. The acquisition by the subsidiary L'Oréal Australia, wholly-owned by L'Oréal S.A., was finalised in August 2023. It was financed in the amount of €0.4 billion by cash held by the Group and a bond issued in May 2023 in the amount of €2 billion in two tranches (see note 18).

Reorganisations of a legal nature were carried out following this acquisition. In November 2023, L'Oréal S.A. acquired 100% of Aésop UK shares from Eméis Holding PTY Ltd for €968.2 million.

In September 2023, L'Oréal sold the Sanoflore brand to Ekkio Capital, a French investment fund specialising in SMEs in the healthcare and beauty sector. The impact of this disposal on L'Oréal S.A.'s income statement was not significant.

Other events

In November 2023, the Group issued a further bond for €1.5 billion in two tranches (see note 18).

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 2023 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).

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 financial 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 financial year in which they are incurred.

1.5. Income tax

The Company has opted for the French tax group regime. French subsidiaries 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 two to 10 years.

Business goodwill is not amortised. It is impaired whenever the present value of future cash flows is less than the carrying amount. Impairment tests are conducted at least once a year, even when there is no evidence of 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

Property, plant and equipment are recognised at purchase cost, including acquisition expenses.

The useful lives of property, plant and equipment are as follows:

	Length
Buildings	20-50 years
Fixtures and fittings	5-10 years
Industrial machinery and equipment	10 years
Other property, plant and equipment	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 carrying amount, an impairment is recognised.

1.8.2. Other financial assets

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

Treasury shares acquired in connection with buyback programmes with a view to being cancelled are 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 if, on the basis of historical and forecast data, their probable net realisable value is less than their 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 net carrying amount 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.

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 translation adjustments 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 in profit and loss.

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 a "Translation adjustments" 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 financial year 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	31.12.2023	31.12.2022	31.12.2021
Sales of goods	1,484.9	2,488.1	2,351.2
Services ⁽¹⁾	4,361.3	3,672.7	2,795.7
Other revenue	136.5	121.2	108.5
TOTAL	5,982.7	6,282.0	5,255.4

(1) Including invoicing of technological assistance.

The Company generated €2,693.1 million of its net sales in France in 2023, compared with €3,400.8 million in 2022 and €3,093.6 million in 2021.

The decrease in net sales is mainly due to the partial asset contributions carried out on 1 July 2023 (see Highlights of the financial year).

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:

	2023	2022	2021
Executives	5,982	6,482	6,001
Supervisors	1,665	2,062	2,119
Administrative staff	81	129	148
Manual workers	232	337	326
Sales representatives	259	533	540
TOTAL⁽¹⁾	8,219	9,543	9,134
Apprentices	462	515	410

(1) The decrease in average headcount reflects the partial asset contributions that involved transferring the workforce from the Affaires Marchés France, Domaines d'Excellence and International Distribution activities to the companies L'Oréal France and L'Oréal International Distribution.

Note 5. Depreciation, amortisation and charges to provisions

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

€ millions	31.12.2023	31.12.2022	31.12.2021
Depreciation and amortisation	-131.8	-157.2	-152.2
Impairment of non-current assets	-94.2	-49.4	-18.9
Impairment of current assets	-11.8	-8.2	-9.8
Provisions for liabilities and charges	-143.5	-99.4	-107.8
TOTAL	-381.3	-314.2	-288.7

Note 6. Net financial income

Net financial income amounts include the following items:

€ millions	31.12.2023	31.12.2022	31.12.2021
Dividends received ⁽¹⁾	5,179.8	11,726.2	3,549.2
Revenues on other receivables and marketable securities	105.4	27.8	0.1
Interest expense on borrowings and financial debt	-140.6	-4.9	-21.9
Others	-20.5	-37.4	-10.3
TOTAL	5,124.1	11,711.7	3,517.1

(1) In 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, L'Oréal also received an additional exceptional dividend of €74.5 million, paid in the form of Euroapi shares, from Sanofi.

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

€ millions	31.12.2023	31.12.2022	31.12.2021
Equity investments ⁽¹⁾	-2,044.1	-49.2	-40.4
Impairment of other financial assets	-	-	-
Impairment of Treasury shares	-	-	-
Provisions for liabilities and charges relating to financial items ⁽²⁾	31.6	154.8	-143.0
Others	2.0	2.5	-
TOTAL	-2,010.5	108.1	-183.4

(1) In 2023, this mainly related to the impairment of shares in L'Oréal Singapore. This is the inevitable consequence of the overall deterioration in L'Oréal Singapore's situation, which was itself due to various operational reorganisations of Travel Retail.

(2) In 2023, this mainly related to the reversal of provisions for risks relating to the subsidiaries' negative overall situation, amounting to €39.2 million.

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

Note 7. Exceptional items

Exceptional items represented €113.8 million in 2023, compared to €246.6 million in 2022 and €2.1 million in 2021.

Note 8. Income tax

The income tax breaks down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Tax on profit before tax and exceptional items	-175.1	-262.5	-82.3
Tax on exceptional items and employee Profit Sharing	11.0	12.1	80.6
INCOME TAX	-164.1	-250.4	-1.7

In 2023, the tax charge recognised by L'Oréal included a tax consolidation loss of €43.9 million.

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.

Note 9. Increases or reductions in future tax liabilities

€ millions	31.12.2021		31.12.2022		Changes		31.12.2023	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Temporary differences								
Regulated provisions	-	7.6	-	5.6	2.2	0.7	-	4.1
Temporarily non-deductible charges	132.8	-	100.5	-	11.4	18.5	93.4	-
Charges deducted (or revenue taxed) for tax purposes but not yet recognised	-	43.8	4.7	-	-	0.2	4.5	-
Temporarily non-taxable revenue	-	-	-	-	-	-	-	-
Deductible items								
Tax losses, deferred items	-	-	-	-	-	-	-	-
Potentially taxable items								
Special reserve for long-term capital gains	-	137.0	-	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.

Note 10. Research costs

Expenses booked for Research activities in 2023 totalled €1,293.2 million, compared with €1,188.3 million in 2022 and €1,040.7 million in 2021.

Note 11. Intangible assets

€ millions	31.12.2021	31.12.2022	Acquisitions/ Amortisation	Disposals/ Reversals	Partial asset contributions ⁽⁶⁾	Other movements	31.12.2023
Patents and trademarks ⁽¹⁾	1,147.6	1,196.7	-	-13.4	-26.6	5.7	1,162.4
Business goodwill ⁽²⁾	2,981.7	3,132.7	0.1	-43.2	-602.2	-	2,487.4
Software ⁽³⁾	602.8	665.0	24.0	-121.1	-83.4	42.6	527.1
Other intangible assets	551.0	551.0	-	-1.6	-23.7	-	525.7
Tangible assets in progress ⁽⁴⁾	260.8	377.4	212.4	-7.8	-8.4	-53.2	520.4
Gross value	5,543.9	5,922.6	236.5	-187.1	-744.3	-4.9	5,223.0
Patents and trademarks	193.4	210.0	16.8	-8.3	-4.4	-	214.0
Business goodwill	2.5	0.1	-	-0.1	-	-	0.0
Software ⁽³⁾	438.1	491.4	72.1	-121.1	-62.4	-	380.1
Other intangible assets	72.3	74.8	0.8	-1.6	-5.7	-	68.2
Amortisation	706.3	776.3	89.7	-131.1	-72.5	-	662.4
Patents and trademarks	74.7	76.1	6.5	-5.3	-	-	77.3
Business goodwill ⁽⁵⁾	150.1	189.3	87.5	-41.5	-13.9	-	221.4
Software	1.9	1.0	-	-0.9	-	-	0.1
Other intangible assets	3.6	3.6	-	-	-	-	3.6
Impairment	230.2	269.9	94.0	-47.7	-13.9	-	302.5
NET VALUE	4,607.4	4,876.4	52.8	-8.3	-657.9	-4.9	4,258.1

(1) Disposals/reversals: mainly relates to the fully-amortised disposal of Logocos technology.

(2) Disposals/reversals: outflow of the Sanoflore merger losses following the sale of the brand (see Highlights of the financial year).

(3) Disposal of fully-amortised software.

(4) Increase in investments related to the roll-out of the transactional accounting ERP (launched in January 2024).

(5) Acquisitions/depreciation: impairment of It Cosmetics business goodwill and the merger losses assigned to the fully-amortised Decléor brand.

Disposals/reversals: reversal of the provision for impairment of the Sanoflore merger losses.

(6) Assets transferred under the partial asset contributions carried out on 1 July 2023 (see Highlights of the financial year).

Note 12. Tangible assets

€ millions	31.12.2021	31.12.2022	Acquisitions/ Depreciation	Disposals/ Reversals	Partial asset contributions ⁽¹⁾	Other movements	31.12.2023
Land	81.3	81.3	-	-	-0.8	-	80.5
Buildings	769.3	749.5	14.8	-34.2	-91.8	38.6	676.9
Industrial machinery and equipment	218.7	215.0	8.1	-4.9	-23.0	1.1	196.3
Other tangible assets	297.2	351.9	14.5	-43.3	-288.3	25.1	59.9
Tangible assets in progress ⁽²⁾	48.1	85.9	25.8	0.7	-18.3	-65.8	28.3
Advances and prepayments	3.1	4.6	-	-2.7	-	-	1.9
Gross value	1,417.7	1,488.2	63.2	-84.4	-422.2	-1.0	1,043.8
Land	2.1	2.4	0.3	-	-0.2	-	2.5
Buildings	454.9	459.5	22.7	-34.3	-44.9	-9.3	393.7
Industrial machinery and equipment	172.2	171.2	10.1	-4.8	-15.7	-	160.8
Other tangible assets	208.8	227.3	19.6	-42.9	-166.9	9.3	46.4
Amortisation	838.0	860.4	52.7	-82.0	-227.7	0.0	603.4
Land	-	-	-	-	-	-	-
Industrial machinery and equipment	6.3	2.6	0.3	-1.2	-0.5	-	1.2
Impairment	6.3	2.6	0.3	-1.2	-0.5	-	1.2
NET VALUE	573.4	625.2	10.2	-1.2	-194.0	-1.0	439.2

(1) Assets transferred under the partial asset contributions carried out on 1 July 2023 (see Highlights of the financial year).

(2) Other movements: transfer related to the inauguration in September 2023 of Le Visionnaire - Espace François Dalle, L'Oréal's historical headquarters located at 14 rue Royale in Paris.

Depreciation and amortisation recognised in 2023 for tangible assets and intangible assets included:

- €131.8 million on a straight-line basis;
- €10.7 million relating to exceptional depreciation and amortisation.

Note 13. Financial assets

€ millions	31.12.2021	31.12.2022	Allocation of technical merger losses	Acquisitions/ Subscriptions	Disposals/ Reductions	Partial asset contributions ⁽⁵⁾	Other movements	31.12.2023
Equity investments ⁽¹⁾	11,066.1	17,832.8	-	997.8	-155.9	781.7	-71.8	19,384.6
Loans and other receivables ⁽²⁾	33.6	223.2	-	6,425.6	-2,851.6	-5.5	-38.1	3,753.6
L'Oréal shares ⁽³⁾	8,904.0	0.0	-	500.0	-	-	-500.0	0.0
Others	5.4	4.9	-	4.2	-0.9	-3.9	-	4.3
Gross value	20,009.1	18,060.9	-	7,927.6	-3,008.4	772.3	-609.9	23,142.5
Equity investments ⁽⁴⁾	736.4	785.6	-	2,107.9	-63.8	-	-40.4	2,789.3
Loans and other receivables	0.4	0.4	-	0.4	-0.4	-0.4	-	0.0
Others	0.2	0.3	-	-	-	-0.1	-	0.2
Impairment	737.0	786.3	-	2,108.3	-64.2	-0.5	-40.4	2,789.5
NET VALUE	19,272.1	17,274.6	-	5,819.3	-2,944.2	771.8	-569.5	20,353.0

(1) Acquisitions essentially corresponded to Aēsop UK securities for €968.2 million.

Disposal/reduction: these mainly concerned the capital reduction of L'Oréal Brazil and the disposal of Sanoflore and L'Oréal Venezuela shares. Other movements included the disposal of L'Oréal Côte d'Ivoire and LOA3 (UTA) securities.

(2) Movements on loans and other receivables correspond to loans granted and repaid during the year to Finval. During the 2023 financial year, L'Oréal S.A. set up long-term loans with Finval for €4,750 million, with maturities ranging from 2025 to 2028. €1,000 million was repaid early in 2023.

(3) On 27 July 2023, the Board of Directors resolved, in connection with the authorisation approved by the Annual General Meeting of 21 April 2023, 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 2023.

(4) Mainly corresponds to the provision for impairment of L'Oréal Singapore securities.

(5) Financial assets contributed as part of partial contributions of assets and securities received as remuneration for contributions (L'Oréal France and L'Oréal International Distribution).

The table of subsidiaries and holdings is included at the end of the parent company financial statements.

Note 14. Marketable securities and cash instruments

This item breaks down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Financial instruments/Premiums paid on options	72.0	76.8	33.4
Gross value	72.0	76.8	33.4
Financial instruments/Premiums paid on options	-	-	-
Impairment	-	-	-
NET VALUE	72.0	76.8	33.4

Note 15. Maturity of receivables

€ millions	1 year or less	More than 1 year	Gross	Impairment	Net
Loans and other receivables with equity investments ⁽¹⁾	3.4	3,750.1	3,753.5		3,753.5
Other financial assets	4.1		4.1		4.1
Trade accounts receivable	722.9		722.9		722.9
Other current assets, of which	347.8		347.8		347.8
Tax and employee-related receivables ⁽²⁾	229.2		229.2		229.2
Other receivables	41.2		41.2		41.2
Prepaid expenses	61.0		61.0		61.0

(1) Long-term loans set up with Finval for €4,750 million, with maturities ranging from 2025 to 2028. €1,000 million was repaid early in 2023.

(2) Including a corporate income tax receivable in the amount of €24.7 million.

Accrual accounts included in receivables amounts are as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Trade accounts receivable	3.3	3.0	2.0
Other receivables	4.7	20.5	23.1
TOTAL	8.0	23.5	25.1

Note 16. Stock purchase or subscription options – Free shares – Employee shareholding plan

16.1. Share subscription or purchase options

As at 31 December 2023, there were no more stock options plans in force.

16.2. Free shares

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

Grant date	Stock purchase plans	Vesting date	Number of shares granted	Number of shares issued/allotted	Number of shares not finally vested
20.04.2017		21.04.2021	906,000	742,276	-
17.04.2018		18.04.2022	931,000	868,575	-
18.04.2019		19.04.2023	843,075	776,975	-
14.10.2020		15.10.2024	713,660	385	673,530
07.10.2021		08.10.2025	588,750	105	570,685
13.10.2022		14.10.2026	700,000	-	699,375
12.10.2023		13.10.2027	650,580	-	650,580

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 for the 7 October 2021 and 14 October 2020 plans are:

- for 50% of shares granted, the growth in comparable cosmetics net sales – in relation to those of a panel of competitors – for the 2022, 2023 and 2024 financial years under the 2021 plan and for the 2021, 2022 and 2023 financial years under the 2020 plan;
- for 50% of shares granted, the increase over the same period in the Group's consolidated operating profit for the 7 October 2021 and 14 October 2020 plans.

The calculation will be made on the basis of the arithmetic average of the performances for financial years:

- 2022, 2023 and 2024 for the 2021 plan;
- 2021, 2022 and 2023 for the 2020 plan,

and it will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

The performance conditions for the 12 October 2023 and 13 October 2022 plans are:

- for 80%, based on financial performance criteria that include:
 - for one half, the growth in comparable cosmetics net sales – in relation to those of a panel of competitors – for the financial years:
 - 2024, 2025 and 2026 for the 2023 plan,
 - 2023, 2024 and 2025 for the 2022 plan,

- for the other half, the increase over the same period in the Group's consolidated operating profit. The calculation will be made on the basis of the arithmetic average of the performances for financial years:
 - 2024, 2025 and 2026 for the 2023 plan,
 - 2023, 2024 and 2025 for the 2022 plan;
- for 20%, based on non-financial performance criteria that include:
 - 15% is associated with the fulfilment of environmental and social responsibility commitments made by the Group as part of the *L'Oréal for the Future* programme;
 - 5% is associated with the gender balance within strategic positions, including the Executive Committee.

No performance condition applies below a block of 100 shares.

The plans of 20 April 2017, 17 April 2018 and 18 April 2019 were finally granted by the allocation of, respectively, 742,276 shares on 21 April 2021, 868,225 shares on 19 April 2022 and 776,525 shares on 19 April 2023. The number of fully vested shares for the 18 April 2019 plan took into account the performance percentage achieved at the end of the plan.

As at 31 December 2023, the performance conditions of the plans in progress were deemed achieved.

16.3. Capital increase reserved for employees

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, in respect of which 3,376 subscribed shares were agreed 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 four 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 four shares offered for 10 subscribed 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 and on 12 October 2023 for a total of 4,643 shares, including subscribed shares.

Grant date	Vesting date France	Vesting date outside France	Number of shares granted	Number of shares issued/allotted	Number of shares not finally vested
18.06.2018	18.06.2018	19.06.2023	498,974	490,740	—
02.10.2020	02.10.2020	03.10.2025	496,991	456,695	35,554
22.06.2022	22.06.2022	23.06.2027	494,073	451,643	41,057

Note 17. Provisions for liabilities and charges

€ millions	31.12.2021	31.12.2022	Charges	Reversals (used)	Reversals (not used)	Partial asset contributions ⁽³⁾	Other movements	31.12.2023
Provisions for litigation ⁽¹⁾	193.4	192.5	0.1	190.0	0.8	-1.4	-	0.4
Provisions for foreign exchange losses	176.4	16.0	35.0	16.0	-	-	-	35.0
Provisions for expenses	171.8	158.5	115.6	69.7	14.0	-55.5	0.8	135.7
Other provisions for liabilities ⁽²⁾	336.7	229.6	61.3	17.4	101.5	-22.8	-	149.2
TOTAL	878.3	596.6	212.0	293.1	116.3	-79.7	0.8	320.3

(1) First instance decision of 18 December 2014 issued by the French Competition Authority (Autorité de la Concurrence) imposing a fine of €189.5 million against L'Oréal in the hygiene and body care products sector in respect of matters going back to the beginning of the 2000s. On 27 October 2016, the Paris Court of Appeal upheld the first instance decision. After nearly ten years of legal proceedings, L'Oréal lodged a further appeal to the French supreme court, the Court of Cassation, which was rejected on 18 October 2023. It should be noted that since the appeal and further appeal had no suspensive effect, the fine, provision for which had been made at the end of 2014, was paid on 28 April 2015. This latest definitive ruling has no impact on L'Oréal S.A.'s income statement or cash position, as the settlement had already taken place in 2015.

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

(3) Provisions for liabilities and charges transferred in connection with partial asset contributions

The changes in provisions for liabilities and charges impact the 2023 income statement as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	143.5	76.6	20.2
Net financial income	17.3	9.5	39.3
Exceptional items	51.2	207.0	56.8
TOTAL	212.0	293.1	116.3

Note 18. 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 2023, compared to €5,000 million at 31 December 2022 and €5,000 million at 31 December 2021.

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

BREAKDOWN BY TYPE OF DEBT

€ millions	31.12.2023	31.12.2022	31.12.2021
Bonds	6,551.1	3,014.5	-
Short-term marketable instruments	-	795.2	2,507.0
Bank overdrafts and financing with the Group's cash pool	-	-	-
Other borrowings and debt	4.2	62.4	2,439.5
TOTAL	6,555.3	3,872.1	4,946.50

BONDS AND EMTNS

Tranche amount € millions	Type of issue	Issue date	Type of rate	Coupon	Issue price*	Maturity	Interest accrued	31.12.2023	31.12.2022
750	—	March 2022	Variable	—	101.033%	March 2024	0.3	750.3	751.2
1,000	—	March 2022	Fixed	0.375%	99.693%	March 2024	2.8	1,002.8	1,004.3
1,250	SLB	March 2022	Fixed	0.875%	99.741%	June 2026	5.5	1,255.5	1,259.0
1,000	EMTN	May 2023	Fixed	3.125%	99.646%	May 2025	19.4	1,019.4	-
1,000	EMTN	May 2023	Fixed	2.875%	99.323%	May 2028	17.8	1,017.8	-
800	EMTN	November 2023	Fixed	3.375%	99.739%	January 2027	2.8	802.8	-
700	EMTN	November 2023	Fixed	3.375%	99.754%	November 2029	2.5	702.5	-
TOTAL	6,500						51.1	6,551.1	3,014.5

* Net of fees.

Bonds have primarily been issued under a “Euro Medium-Term Notes” programme with a cap of €5 billion at 31 December 2023.

BREAKDOWN BY MATURITY DATE

€ millions	31.12.2023	31.12.2022	31.12.2021
Less than 1 year	1,801.5	866.8	4,939.8
1 to 5 years	4,753.8	3,005.3	6.7
More than 5 years	-	-	-
TOTAL	6,555.3	3,872.1	4,946.5

AVERAGE INTEREST RATE ON BORROWINGS AND DEBT

For 2023, the average rate of the debt in euros was 2.09% including bonds, compared to 0.26% in 2022 and -0.51% in 2021, and the average rate of short-term marketable instruments in dollars in the United States stands at 3.22%.

Note 19. Maturity of payables

€ millions	1 year or less	More than 1 year	Total
Suppliers	597.1		597.1
Other current liabilities, of which	543.9		543.9
Tax and employee-related payables	447.2		447.2
Payables related to non-current assets	29.6		29.6
Other liabilities	67.1		67.1

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

€ millions	31.12.2023	31.12.2022	31.12.2021
Suppliers	264.7	662.4	542.4
Payables related to non-current assets	26.2	162.6	168.1
Tax and employee-related payables, of which	394.0	498.7	486.9
Provision for employee Profit Sharing	32.3	31.7	29.2
Provision for incentives	100.0	143.8	135.2
Other liabilities	4.1	210.2	199.9
TOTAL	689.0	1,546.3	1,397.3

Note 20. Translation adjustments

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 translation adjustments:

€ millions	Assets			Liabilities		
	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Financial receivables	0.2	8.9	-	-	-	-
Trade accounts receivable	18.5	6.6	1.9	0.2	0.3	0.1
Liabilities	-	-	-	-	8.9	-
Suppliers	-	-	0.1	-	-	-
Derivative financial instruments	26.7	44.1	186.2	62.4	68.6	18.4
TOTAL	45.4	59.6	188.2	62.6	77.8	18.5

The overall foreign exchange position, calculated on a currency-per-currency basis at 31 December 2023, is an unrealised loss of €35.0 million recorded as a provision for unrealised foreign exchange losses (see note 17).

At 31 December 2022, the overall foreign exchange position was an unrealised loss of €16.0 million, compared with an unrealised loss of €176.4 million at 31 December 2021.

Note 21. Derivative financial instruments

Foreign exchange derivative financial instruments can be broken down as follows:

€ millions	Notional			Market value		
	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Currency futures						
Purchase of EURO against foreign currencies						
EUR/AUD	23.6	22.6	19.6	-0.4	0.3	-0.4
EUR/BRL	189.5	159.3	106.8	-5.1	-0.9	-1.8
EUR/CAD	19.1	16.9	16.6	-0.1	0.9	-0.5
EUR/CLP	12.3	11.0	8.2	0.5	-0.8	0.8
EUR/CNY	1,686.5	1,697.0	1,455.3	44.8	17.9	-130.9
EUR/CZK	12.2	11.0	8.0	0.1	-0.5	-0.2
EUR/DKK	20.9	19.9	15.9	0.0	0.0	0.0
EUR/GBP	56.9	43.9	44.2	-0.6	0.5	-1.0
EUR/IDR	60.9	52.2	45.4	1.1	2.4	-3.7
EUR/INR	13.7	33.5	26.7	0.0	1.6	-1.6
EUR/KRW	74.2	73.2	61.3	-0.5	-1.5	-0.7
EUR/PEN	24.1	17.3	11.0	0.4	-0.2	-0.7
EUR/PHP	10.9	7.3	7.1	-0.1	0.1	-0.3
EUR/PLN	22.3	0.0	0.0	-1.2	0.0	0.0
EUR/RSD	10.4	8.9	10.0	-0.1	-0.5	-0.1
EUR/RUB	0.0	4.7	276.3	0.0	-1.0	-10.2
EUR/THB	69.2	62.0	51.8	0.0	-0.8	-0.7
EUR/TWD	69.6	59.1	55.2	0.3	2.7	-1.4
EUR/USD	0.0	157.3	162.4	0.0	0.0	-7.8
EUR/ZAR	39.0	28.4	20.7	-1.0	0.2	0.2
EUR/Other currencies	19.9	23.2	32.8	-2.2	0.2	-0.8

€ millions	Notional			Market value		
	31.12.2023	31.12.2022	31.12.2021	31.12.2023	31.12.2022	31.12.2021
Sale of EUR against foreign currencies						
EUR/PLN	0.0	28.2	36.2	0.0	1.3	-0.6
EUR/SGD	140.1	129.0	98.3	-0.2	3.2	3.6
EUR/USD	45.5	0.0	0.0	-1.2	0.0	0.0
EUR/Other currencies	4.5	4.7	14.3	0.3	0.3	0.3
Purchase of USD against foreign currencies						
USD/BRL	78.2	80.8	46.3	-3.7	-0.8	1.3
USD/CNY	242.0	306.0	256.6	2.6	1.9	-11.8
USD/INR	14.0	10.0	8.9	-0.1	0.2	0.0
USD/KRW	7.5	9.2	15.5	-0.1	0.1	0.6
USD/PEN	30.9	18.4	12.9	-0.6	-0.7	0.1
USD/PHP	10.7	8.8	9.6	-0.4	-0.2	0.3
USD/THB	33.1	32.9	31.0	-1.3	-1.4	0.9
USD/TWD	13.2	12.5	11.2	-0.4	0.2	0.2
USD/Other currencies	7.7	5.9	0.1	-0.3	-0.2	0.0
Sale of USD against foreign currencies						
USD/IDR	26.6	29.8	22.4	0.0	-0.5	0.7
USD/Other currencies	2.0	0.0	0.6	1.3	0.0	-0.2
Purchase of CNY against foreign currencies						
CNY/IDR	25.7	29.0	28.4	0.2	0.3	-0.2
CNY/INR	18.0	17.7	21.4	-0.1	0.1	0.1
CNY/PHP	13.4	10.8	9.1	-0.4	-0.3	0.3
CNY/THB	19.7	20.2	21.8	-0.5	-1.1	1.1
CNY/Other currencies	7.5	7.0	6.3	-0.2	0.1	0.3
Sale of CNY against foreign currencies						
CNY/JPY	58.5	66.7	95.6	-0.4	0.9	-7.0
CNY/KRW	35.0	25.6	31.8	0.0	1.3	-2.7
CNY/SGD	11.2	2.2	0.5	0.0	0.0	0.0
CNY/Other currencies	7.6	6.6	9.4	-0.1	0.0	-0.5
Other currencies pairs						
Others	11.0	25.5	29.6	-0.2	1.2	-0.9
Currency futures total	3,298.8	3,396.2	3,253.1	30.1	26.5	-175.9
Currency options						
EUR/USD	0.0	0.0	28.2	0.0	0.0	0.0
EUR/BRL	0.0	0.0	11.1	0.0	0.0	0.1
Other currencies	0.0	0.0	0.0	0.0	0.0	0.0
Currencies options total	0.0	0.0	39.3	0.0	0.0	0.1
Of which total options purchased	0.0	0.0	39.3	0.0	0.0	0.1
Of which total options sold	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INSTRUMENTS	3,298.8	3,396.2	3,292.4	30.1	26.5	-175.8

Note 22. Transactions and balances with related entities and parties

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

Note 23. Off-balance sheet commitments

23.1. Lease commitments

Operating lease commitments amounted to €5.2 million due in less than one year, €19.2 million due between one and five years and €5.2 million due after five years.

23.2. Other off-balance sheet commitments

Confirmed credit facilities are set out in note 18.

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

€ millions	31.12.2023	31.12.2022	31.12.2021
Commitments in connection with employee retirement obligations and related benefits ⁽¹⁾	-80.4	-205.5	111.2
Commitments to buy out non-controlling interests	12.2	11.6	10.6
Guarantees given ⁽²⁾	1,927.1	2,002.9	4,579.0
Guarantees received	-	2.8	1.6
Capital expenditure orders and service contracts ⁽³⁾	404.1	111.4	154.0
Documentary credits	-	-	-

(1) The discount rate used in 2023 to measure commitments was 3.25% for plans providing for the payment of capital and 3.25% for annuity plans, compared with 3.75% and 3.75% respectively in 2022, and 0.80% and 1.10% in 2021. As in 2022, interest rate levels resulted in a funding surplus for pension liabilities in the amount of €81.2 million at end of 2023.

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 given, including €1,842.1 million at 31 December 2023 on behalf of the Group's direct and indirect subsidiaries, compared with €1,922.9 million at 31 December 2022 and €4,434.4 million at 31 December 2021. 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.

(3) Including irrevocable commitments for IT contracts and energy purchases (these services will be re-billed to Group entities).

23.3. Contingent liabilities

In the normal course of its activities, the Company is involved in legal proceedings and is subject to fiscal, customs and administrative controls. 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 24. Changes in working capital

Changes in working capital can be broken down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Inventories	14.2	-32.3	7.1
Accounts Receivable	-758.2	-100.1	-233.3
Accounts Payable	177.2	197.9	271.2
TOTAL	-566.8	65.5	45.0

Note 25. Changes in other financial assets

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

Note 26. Net cash and cash equivalents at the end of the year

Cash and cash equivalents can be broken down as follows:

€ millions	31.12.2023	31.12.2022	31.12.2021
Cash and cash equivalents	337.7	616.2	0.6
Accrued interest receivable	9.4	1.8	-
Accrued interest payable	-	-	-
NET CASH AND CASH EQUIVALENTS	347.1	618.0	0.6

Note 27. Other information

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

Note 28. Subsequent events

In line with the Ambition France actions carried out over the 2023 financial year, the entity Soproréal merged into L'Oréal S.A. on 1 January 2024. On the same day, L'Oréal S.A. transferred the complete and autonomous branch of Soproréal's business activities to the entity New Soproréal.

Note 29. Table of subsidiaries and holdings

DETAILED INFORMATION

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held		Profit or loss in last financial year	Dividends ⁽¹⁾ booked during the financial year
				Gross	Net		
A. Main French subsidiaries (Holdings of over 50%)							
Azzaro Mugler Beauté France	78,723	845	100.00%	78,723	78,723	1,006	488
Beauté, Recherche & Industries	1,069	15,073	100.00%	9,495	9,495	3,802	8,280
Cosmétique Active International	19	13,947	88.97%	15,100	15,100	126,508	89,154
Cosmétique Active Production	186	23,104	80.13%	5,081	5,081	13,755	9,097
EpiSkin	13,609	11,730	99.92%	17,999	17,999	1,331	0
Fapagau & Cie	15	5,090	79.00%	12	12	13,935	12,548
Faproréal	11,944	5,232	100.00%	11,953	11,953	6,382	6,600
Finval	19,516	142,683	100.00%	75,677	75,677	40,258	72,471
Gemey Paris - Maybelline New York	35	8,551	99.96%	46	46	5,583	5,388
Holdial	1	4	98.00%	1	1	1,249	769
L & J Ré	27,500	11,075	100.00%	27,500	27,500	1,710	0
La Roche-Posay Laboratoire Dermatologique	380	4,437	99.98%	27,579	27,579	46,805	37,668
Noveal	1,958	11,387	100.00%	21,501	21,501	391	5,037
Nutricos Technologies	535	-106	50.00%	38,125	0	-30	0
L'Oréal France	127,921	503,636	100.00%	772,495	772,495	202,416	0
L'Oréal International Distribution	6,414	-17,482	100.00%	11,642	11,642	31,881	0
L'Oréal Fund For Nature Regeneration	75,000	-2,996	100.00%	75,000	69,100	-2,956	0
L'Oréal Produits de Luxe International	98	55,384	99.85%	73,814	73,814	66,072	64,662
BOLD (Business Opportunities for L'Oréal Development)	178,853	109,769	100.00%	299,603	299,603	-9,741	0

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held		Profit or loss in last financial year	Dividends ⁽¹⁾ booked during the financial year
				Gross	Net		
Mugler Fashion	8	71	100.00%	3,929	1,493	719	0
Real Campus by L'Oréal	7,205	-6,216	100.00%	7,205	7,205	-1,301	0
Sciencemd	13,005	-4,933	100.00%	13,005	3,535	-3,950	0
New Soproral	50	-10	100.00%	50	50	-7	0
LOA15	50	-5	99.98%	50	50	-2	0
Prestige & Collections International	78	7,465	99.81%	98,364	98,364	527,129	522,449
Magic Holdings Group Limited	33	-105	100.00%	63,411	11	400	0
Sicôs & Cie	375	11,948	100.00%	1,076	1,076	9,642	11,525
Soprococ	8,250	9,013	100.00%	11,904	11,904	8,792	3,789
Soproréal	15	4,372	100.00%	116	116	8,448	10,777
Sparlys	7,378	16,219	100.00%	18,553	18,553	-8,146	0
Thermes De Saint Gervais Les Bains Le Fayet	1,047	2,845	100.00%	22,942	16,942	191	0

B. Main French investments (Holdings of under 50%)

Euroapi	94,027		5.47%	74,535	29,454		0
Sanofi ⁽²⁾	2,524,776		9.35%	423,887	423,887		420,889

(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 with a market value of €10,612,083 thousand at 31 December 2023.

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held		Profit or loss in last financial year	Dividends ⁽¹⁾ booked during the financial year
				Gross	Net		
A. Main foreign subsidiaries (Holdings of over 50%)							
Aesop UK Limited (United Kingdom)	0	39,776	100.00%	968,211	804,911	45,189	0
Atelier Cologne (Luxembourg)	1,210	3,851	100.00%	88,929	46,418	19,404	0
Beautycos International Co. Ltd (China)	52,482	32,657	73.46%	46,195	46,195	16,968	8,981
Beautylux International Cosmetics (Shanghai) Co. Ltd (China)	5,629	111	100.00%	16,871	4,871	158	0
Biotherm (Monaco)	152	16	99.80%	3,545	3,545	8,314	8,003
Canan Kozmetik Sanayi Ve Ticaret A.S. (Turkey)	-5,785	7,217	100.00%	30,290	2,860	1,800	0
Cosmelor Ltd (Japan)	548	13,750	100.00%	35,810	27,370	8,715	8,611
Cosmephil Holdings Corporation (Philippines)	171	-123	100.00%	400	14	0	0
Egypteloc LLC (Egypt)	6	14	99.80%	7	7	-112	0
Elebelle (Proprietary) Ltd (South Africa)	806	20,796	100.00%	61,123	13,123	0	0
Erwiton S.A. (Uruguay)	147	42	100.00%	3	3	18,991	14,108
L'Oréal Israel Ltd (Israel)	4,137	14,907	92.97%	38,497	38,497	18,056	11,824
Kosmepol Sp. z.o.o. (Poland)	38,844	60,935	99.73%	48,965	48,965	5,107	845
L'Oréal Adria d.o.o. (Croatia)	131	4,318	100.00%	1,503	1,503	12,237	9,314
L'Oréal Argentina S.A. (Argentina)	-44,397	141,995	96.82%	183,864	61,964	-9,688	0
L'Oréal Australia Pty Ltd	2,711	16,348	100.00%	33,867	33,867	38,515	57,856
L'Oréal Balkan d.o.o. (Serbia)	1,283	-453	100.00%	1,285	1,285	4,649	2,845
L'Oréal Baltic SIA (Latvia)	387	-1,361	100.00%	529	529	2,187	0
L'Oréal Bangladesh Ltd (Bangladesh)	3,820	-3,818	100.00%	3,749	0	29	0

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held		Profit or loss in last financial year	Dividends ⁽¹⁾ booked during the financial year
				Gross	Net		
L'Oréal Brasil Comercial de Cosméticos Ltda	219,053	-109,210	90.82%	164,599	164,599	61,266	67,709
L'Oréal Belgilux S.A. (Belgium)	16,124	17,232	98.93%	77,150	77,150	23,676	127,037
L'Oréal Brasil Pesquisas e Inovacao Ltda	45,887	-8,846	99.99%	45,654	45,654	950	0
L'Oréal Bulgaria EOOD	102	806	100.00%	102	102	9,364	3,486
L'Oréal Canada Inc.	3,979	109,506	100.00%	146,517	146,517	117,857	90,010
L'Oréal Central America S.A. (Panama)	8	-8	100.00%	8	0	130	0
L'Oréal Central West Africa (Nigeria)	3,443	-3,439	99.91%	18,106	8	0	0
L'Oréal Ceska Republika s.r.o (Czech Republic)	2,268	-30	100.00%	4,983	4,983	40,863	28,711
L'Oréal Chile S.A. (Chile)	6,173	5,000	100.00%	43,784	43,784	31,997	31,110
L'Oréal China Co Ltd (China)	43,498	-392,761	100.00%	345,733	345,733	714,491	1,241,802
L'Oréal Colombia S.A.S. (Colombia)	11,658	37,759	100.00%	80,419	49,419	4,030	978
L'Oréal Cosmetics Industry S.A.E. (Egypt)	58,382	-43,186	100.00%	58,363	23,363	8,263	0
L'Oréal Danmark A/S (Denmark)	270	-2,558	100.00%	8,336	8,336	66,895	45,253
L'Oréal Deutschland G.m.b.H. (Germany)	12,647	58,074	100.00%	76,855	76,855	271,468	67,957
L'Oréal East Africa Ltd (Kenya)	204	4,980	99.98%	66,650	7,820	-5,382	0
L'Oréal Espana S.A.U. (Spain)	59,911	18,570	100.00%	361,454	361,454	100,574	80,821
L'Oréal Finland Oy (Finland)	673	-7,572	100.00%	1,280	1,280	11,102	13,792
L'Oréal Guatemala S.A.	1,044	1,430	100.00%	2,162	2,162	1,430	4,484
L'Oréal Hellas S.A. (Greece)	9,736	3,070	100.00%	35,307	35,307	25,632	19,801
L'Oréal Hong Kong Ltd	-77	19,684	100.00%	24,276	24,276	49,617	57,881
L'Oréal India Private Ltd (India)	48,691	-45,606	100.00%	75,987	75,987	60,656	46,806
L'Oréal Italia Spa	1,680	48,121	100.00%	226,469	226,469	80,024	60,140
L'Oréal Kazakhstan LLP (Kazakhstan)	422	273	100.00%	422	422	5,058	759
L'Oréal Korea Ltd (South Korea)	1,991	20,737	100.00%	20,794	20,794	7,986	4,677
L'Oréal Liban SAL	-428	68	100.00%	4,136	6	2,052	0
L'Oréal Magyarország Kosmetikai Kft (Hungary)	428	-64	100.00%	787	787	5,178	4,964
L'Oréal Malaysia SDN BHD	3,268	5,426	100.00%	6,762	6,762	20,246	10,369
L'Oréal Mexico S.A. de C.V. (Mexico)	2,349	132,592	100.00%	8,443	8,443	61,273	59,160
L'Oréal Middle East (United Arab Emirates)	7,761	1,742	100.00%	54,379	53,379	83,204	43,864
L'Oréal Nederland B.V. (Netherlands)	1,178	228	100.00%	22,014	22,014	33,358	34,667
L'Oréal New Zealand Ltd (New Zealand)	44	3,022	100.00%	6,110	6,110	2,526	9,151
L'Oréal Norge A/S (Norway)	1,384	1,715	100.00%	4,050	4,050	17,217	5,311
L'Oréal Österreich G.m.b.H. (Austria)	2,915	1,435	100.00%	3,818	3,818	4,694	3,864
L'Oréal Pakistan Private Ltd	22,111	-27,827	100.00%	23,734	0	2,138	0
L'Oréal Panama S.A.	135	3,069	100.00%	168	168	20,533	4,465
L'Oréal Peru S.A. (Peru)	2,322	415	100.00%	3,739	3,739	9,661	9,130
L'Oréal Philippines Inc.	3,696	-3,464	99.53%	39,107	1,917	691	0
L'Oréal Polska Sp. Z.O.O. (Poland)	405	-147	100.00%	707	707	61,676	44,902
L'Oréal Portugal Unipessoal Lda	495	541	100.00%	6,459	6,459	7,992	65,938
L'Oréal Romania SRL (Romania)	799	81	100.00%	974	974	21,496	16,627
L'Oréal Saudi Arabia	6,759	10,894	78.16%	12,999	12,999	5,064	3,671

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Carrying amount of shares held		Profit or loss in last financial year	Dividends ⁽¹⁾ booked during the financial year
				Gross	Net		
L'Oréal Singapore Pte Ltd (Singapore)	6,402,955	-283,989	100.00%	6,394,939	4,656,039	13,053	0
L'Oréal Suisse S.A.	346	24,214	100.00%	160,311	160,311	210,960	18,919
L'Oréal Sverige AB (Sweden)	2,038	-2,679	100.00%	2,247	2,247	46,569	17,576
L'Oréal Taiwan Co Ltd (Taiwan Region)	187	-168	100.00%	17,881	17,881	29,278	28,276
L'Oréal Thailand Ltd	3,992	1,887	100.00%	5,238	5,238	24,105	12,341
L'Oréal Türkiye Kozmetik Sanayi Ve Ticaret Anonim Sirketi	67,289	-56,368	100.00%	55,093	14,243	26,288	628
L'Oréal UAE General Trading LLC (United Arab Emirates)	21,638	12,155	100.00%	34,523	34,523	7,693	7,194
L'Oréal UK Ltd (United Kingdom)	121,150	-70,360	100.00%	145,573	145,573	193,694	168,051
L'Oréal Ukraine	3,033	10,178	100.00%	2,990	0	22,942	0
L'Oréal Uruguay S.A.	244	1,364	100.00%	2,718	2,718	1,305	0
L'Oréal USA Inc. ⁽³⁾	647,731	3,776,327	100.00%	4,851,879	4,851,879	1,151,532	1,115,323
L'Oréal Vietnam Co Ltd	13,537	-1,108	100.00%	13,646	13,646	11,139	9,167
L'Oréal West Africa Ltd (Ghana)	21,278	-21,031	100.00%	25,260	0	-495	0
Masrelor LLC (Egypt)	17,686	-13,544	100.00%	17,573	17,573	2,790	0
Nanda CO Ltd. (Korea)	-705	42,002	100.00%	486,139	486,139	22,424	14,309
Nihon L'Oréal KK (Japan)	-17,697	103,275	100.00%	351,504	351,504	20,766	0
L'Oréal Travel Retail Americas Inc. (USA)	40	1,611	100.00%	100,317	100,317	24,646	20,892
Procosa Produtos de Beleza Ltda (Brazil)	154,665	-59,398	100.00%	223,938	103,138	4,095	43,936
P.T. L'Oréal Indonesia	1,510	5,040	99.00%	2,305	2,305	1,974	2,682
P.T. Yasulor Indonesia	70,936	477	99.99%	110,022	79,022	3,330	3,846
Scental Limited (Hong Kong SAR)	5	199	100.00%	8	8	0	0
B. Main foreign investments (Holdings of under 50%)							
LIPP Distribution (Tunisia)	3,561	4,766	49.00%	9,009	9,009	1,982	0

(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

	Subsidiaries		Other investments	
	French	Foreign	French	Foreign
Book value of shares held:				
• Gross (after revaluation)	1,801,950	16,651,540	498,421	9,009
• Net	1,676,620	14,055,034	453,341	9,009
Amount of loans and advances granted	3,750,000	3,200		
Amount of guarantees and security granted	6,275	1,834,026		
Amount of dividends booked	860,702	3,894,824	420,889	0

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 General 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	€3.2 million
Corresponding tax	€0.8 million

6.6.2. Invoices issued and received but not paid at the closing date 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 2023 and in arrears are broken down as follows:

	Article D. 441-6, I.-1°: Invoices received but not paid at the reporting date and in arrears						Article D. 441-6, I.-2°: Invoices issued but not paid at the reporting date 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	2					611						12,275
Total amount of invoices concerned, including taxes	34,141	68,432	11,812	-11,129	-642,031	-572,915	13,280,582	5,958,822	4,644,932	60,406,538		84,290,874
Percentage of total amount of purchases (including taxes) for the financial year	0.00%	0.00%	0.00%	0.00%	-0.02%	-0.01%						
Percentage of sales (including tax) for the financial year							0.27%	0.12%	0.09%	1.22%		1.70%
B. Invoices excluded from A. because of disputed or unrecognised payables and receivables												
Number of invoices excluded	1,087						2					
Total amount of invoices excluded	11,489,042						23,891					
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): €769,758 for invoices received; €82,972,202 for invoices issued, i.e. 99.97% of the total amount.

6.6.3. Net sales (excluding taxes)

€ millions			
Sales	2023	2022	% change
1 st quarter	1,823.1	1,518.5	20.06%
2 th quarter	1,821.3	1,575.5	15.61%
3 th quarter	1,118.8	1,525.6	-26.66%
4 th quarter	1,219.5	1,662.4	-26.64%
TOTAL	5,982.7	6,282.0	-4.76%

Sales includes sales of goods net of any rebates and discounts granted, along with services provided and technology royalties. The fall in net sales is mainly due to partial contributions of assets carried out on 1 July 2023.

6.7. Five-year financial summary

L'ORÉAL COMPANY (EXCLUDING SUBSIDIARIES)

€ millions (except for earnings per share, shown in €)	2019	2020	2021	2022	2023
I. Financial situation at financial year-end					
a) Share capital	111.6	112.0	111.5	107.0	106.9
b) Number of shares	558,117,205	559,871,580	557,672,360	535,186,562	534,725,475 ⁽¹⁾
c) Number of convertible bonds	0	0	0	0	0
II. Overall results of operations					
a) Net pre-tax sales	4,131.0	4,837.8	5,255.4	6,282.0	5,982.7
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment activities and profit-sharing reserve)	4,658.7	4,570.7	4,174.1	12,579.2	6,058.7
c) Income tax	-82.7	-22.8	-1.7	-250.4	-164.1
d) Net profit	4,105.8	4,158.8	3,860.5	12,343.1	3,826.3
e) Amount of distributed profits	2,172.6	2,264.4	2,601.2	3,248.4	3,564.0 ⁽²⁾
III. Results of operations per share					
a) Profit after tax and profit-sharing, but before charges to depreciation, amortisation and provisions	8.12	8.07	7.43	22.98	10.95
b) Net profit	7.36	7.43	6.92	23.06	7.16
c) Dividend paid on each share (not including tax credit)	3.85	4.00	4.80	6.00	6.60 ⁽²⁾
IV. Personnel					
a) Number of employees	7,692	8,900	9,134	9,543	8,219
b) Total salaries	692.3	804.6	860.9	945.8	879.3
c) Amount paid for welfare benefits (social security, provident schemes etc.)	346.2	408.6	415.8	430.5	428.4

(1) The share capital comprises 534,725,475 shares with a par value of €0.2, following the issue of 34,020 shares under the employee shareholding plan, the delivery of the 2019 ACAs Plan representing 776,525 shares and the cancellation of 1,271,632 shares.

(2) The dividend will be proposed to the Annual General Meeting of 23 April 2024.

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

EQUITY INVESTMENTS

(Main changes including shareholding threshold changes >5%)

€ millions Headings	31.12.2022 including revaluation		Acquisitions Amount	Subscriptions Amount	Others Amount	31.12.2023	
	Amount	%				Amount	%
Aesop UK Limited (United Kingdom)	-	-	968.2			968.2	100.0
Atelier Cologne (Luxembourg)	89.2	100.0			-0.3 ⁽¹⁾	88.9	100.0
Laboratoire Sanoflore	5.2	100.0			5.2 ⁽²⁾	-	-
LOA3	90.4	100.0	0.0		-90.4 ⁽⁴⁾	-	-
L'Oréal Bangladesh Ltd	2.6	100.0			1.1	3.7	100.0
L'Oréal Brasil Pesquisas e Inovacao Ltda	287.8	90.8			-123.2 ⁽³⁾	164.6	90.8
L'Oréal Côte d'Ivoire	2.5	100.0			-2.5 ⁽⁴⁾	-	-
L'Oréal East Africa Ltd (Kenya)	61.3	100.0			5.3	66.6	100.0
L'Oréal France	-	-			772.5 ⁽⁴⁾	772.5	100.0
L'Oréal Fund For Nature Regeneration	60.0	100.0		15.0		75.0	100.0
L'Oréal International Distribution	-	-			11.6 ⁽⁴⁾	11.6	100.0
L'Oréal Pakistan	20.2	100.0			3.5	23.7	100.0
L'Oréal Produits de Luxe International	75.4	98.8			-1.5	73.8	98.8
L'Oréal Saudi Arabia	4.3	74.6			8.7	13.0	78.2
L'Oréal Slovensko (Slovakia)	0.2	100.0			-0.2 ⁽²⁾	-	-
L'Oréal Venezuela	27.0	100.0			-27.0 ⁽²⁾	-	-
L'Oréal West Africa (Ghana)	21.8	100.0			3.5	25.3	100.0
Luxury of Retail	0.8	100.0			-0.8 ⁽⁴⁾	-	-
Mugler Fashion	1.1	100.0		2.8		3.9	100.0
Nanda CO Ltd (Korea)	485.6	100.0			0.6 ⁽¹⁾	486.1	100.0
Sciencemd	8.0	100.0		5.0		13.0	100.0
Soproréal	0.0	99.9	0.1			0.1	100.0

(1) Discounting of the earn-out.

(2) Disposal/liquidation.

(3) Capital increase or reduction.

(4) UTA/Merger/PCA.

6.9. Statutory Auditors' Report on the Financial Statements

Year ended December 31, 2023

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of Englishspeaking 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 management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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, 2023.

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, 2023 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 from January 1, 2023 to the date of our report, and specifically we did not provide any prohibited nonaudit 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. 821-53 and R. 821-180 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.

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

See Notes "1.6 - Accounting principles - Intangible assets", "1.8.1 - Investments", "11 - Intangible assets", "13 - Financial fixed assets" and "29 - List of subsidiaries and investments" to the financial statements

Risk identified	Our response
<p>As at December 31, 2023, 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 € 3,5 billion, respectively, i.e. 77% of the balance sheet total. They were recorded at their date of entry at acquisition cost.</p> <p>An impairment loss is recognized if their value in use falls below their net book value.</p> <p>As described in Notes 1.6 and 1.8 to the financial statements, their value is examined annually by reference to their value in use, which takes into account:</p> <ul style="list-style-type: none"> • for investments: the current and projected profitability of the concerned holding and the share of equity held; • for intangible assets: discounted future cash flows. <p>Estimating the value in use of these assets requires Management's judgment in determining future cash flow projections and key assumptions used.</p> <p>Given the weight of investments and intangible assets in the balance sheet and the uncertainties inherent in certain items, including the realization of forecasts used in the valuation of the value in use, we considered the valuation of these assets to be a key audit matter with a risk of material misstatements.</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 valuation 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> <p>We assessed the reasonableness of the key estimates, and more specifically:</p> <ul style="list-style-type: none"> • the consistency of revenue projections and the margin rate, compared to past performance and to the economic and financial context; • the corroboration of the growth rates used with the performance analyses of the global cosmetics market, taking into account the specificities of the local markets and of the distribution channels in which the Company operates; • the discount rates applied to future cash flows by comparing their parameters with external references, by including valuation experts into our team.

Revenue Recognition: estimation of items deducted from revenue

See Notes "1.1 - Accounting principles - Sales" and "2 - Sales" to the financial statements

This risk relates to the revenue generated by L'Oréal France during the first six months of the year, prior to the partial contribution of assets of Affaires Marché France and International Distribution executed July 1st, 2023.

Risk identified	Our response
<p>Your Company's revenue is presented net of product returns made to distribution and discounts and rebates granted.</p> <p>These various deductions from revenue are recorded simultaneously with the recognition of sales in particular on the basis of contractual conditions and statistical data from past experience.</p> <p>At the end of the financial year, the valuation of the revenue thus includes estimates related to the amounts deducted, which we considered to be (i) complex, due to the diversity of contractual agreements and commercial conditions existing in your Company's different markets, (ii) sensitive, revenue being a key indicator in the valuation of the Company's and its Management's performance, and (iii) significant given their impact in the financial statements.</p> <p>The valuation of product returns, discounts, rebates and other benefits granted to customers is therefore considered to be a key audit matter.</p>	<p>We have assessed the appropriateness of your Company's accounting policies with respect to the recognition of product returns, discounts, rebates and other benefits granted to customers, in accordance with French accounting principles.</p> <p>We obtained an understanding of the internal control system put in place, which allows the valuation and recognition of the items deducted from revenue, particularly at closing, and we tested, by sampling, the main controls of this system.</p> <p>We also carried out substantive tests in order to assess the reasonableness of the estimate of product returns and customer benefits. These tests mainly consisted in:</p> <ul style="list-style-type: none"> • analyzing the valuation methods used, in particular by critically examining the assumptions used, checking the permanence of the methods and analyzing the anteriority and unwinding of the previous financial year's provisions; • reconciling statistical data from past experience and contractual conditions with data contained in the information systems used to manage commercial conditions; • verifying the arithmetic accuracy of the calculation of the corresponding entries (including the residual commitment at closing), their recording in the accounts and their presentation in the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 4416 of the French Commercial Code (-*Code de commerce*).

Information relating to Corporate Governance

We attest that the section of the Board of Directors' management report on corporate governance sets out the information required by Articles L. 22537-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (-*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 2210-9 of the French Commercial Code (-*Code de commerce*) relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 2210-11 of the French Commercial Code (-*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 4511-2, I of the French Monetary and Financial Code (-*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of L'Oréal by your annual general meeting of April 29, 2004 for DELOITTE & ASSOCIES and of April 21, 2022 for ERNST & YOUNG Audit.

As at December 31, 2023, DELOITTE & ASSOCIES was in the twentieth year of total uninterrupted engagement and ERNST & YOUNG Audit in the second year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is 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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards 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 made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.
- Obtains 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 internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Defense, February 16, 2024

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES

David Dupont-Noel

ERNST & YOUNG Audit

Céline Eydiou-Boulté