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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.

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• Compared income statements

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	31.12.2021	31.12.2020	31.12.2019
Operating revenue		5,944.5	5,535.9	4,615.5
Sales	2	5,255.4	4,837.8	4,131.0
Reversals of provisions and transfers of charges		135.6	194.8	84.5
Other revenue	3	553.5	503.4	400.0
Operating expenses		-5,297.1	-5,022.4	-4,184.5
Purchases and change in inventories		-705.4	-674.6	-424.7
Other purchases and external charges		-2,659.0	-2,404.3	-2,119.0
Taxes and similar payments		-135.4	-119.2	-108.2
Personnel costs		-1,276.7	-1,213.2	-1,038.5
Depreciation, amortisation and charges to provisions	5	-288.7	-329.2	-283.6
Other charges		-231.9	-281.9	-210.5
Operating profit		647.4	513.6	431.0
Net financial revenue	6	3,517.1	3,912.4	4,086.5
Net charges/reversals of provisions and transfers of charges	6	-183.4	-77.1	-198.7
Exchange gains and losses		-93.6	16.4	-108.0
Net financial income		3,240.1	3,851.7	3,779.8
Profit before tax and exceptional items		3,887.5	4,365.3	4,210.8
Exceptional items	7	2.1	-156.4	22.5
Employee Profit Sharing		-27.4	-27.2	-44.8
Income tax	8	-1.7	-22.8	-82.7
NET PROFIT		3,860.5	4,158.8	4,105.8

6.2. COMPARED BALANCE SHEETS

ASSETS

€ millions (net values)	Notes	31.12.2021	31.12.2020	31.12.2019
Intangible assets	11	4,607.4	4,366.0	2,937.5
Tangible assets	12	573.4	555.9	530.9
Financial assets	14	19,272.1	10,488.1	10,633.8
Non-current assets		24,452.9	15,410.0	14,102.2
Inventories		102.3	107.2	69.7
Prepayments to suppliers		6.4	7.8	7.3
Trade accounts receivable	16	770.2	692.9	616.7
Other current assets	16	515.0	489.8	471.1
Marketable securities	15	33.4	63.9	22.6
Cash and cash equivalents	27	0.6	3,791.3	2,463.5
Current assets		1,427.9	5,152.9	3,650.9
Prepaid expenses		84.4	87.7	65.9
Unrealised exchange losses	21	188.2	45.8	60.3
TOTAL ASSETS		26,153.4	20,696.4	17,879.3

LIABILITIES

€ millions	Notes	31.12.2021	31.12.2020	31.12.2019
Share capital		111.5	112.0	111.6
Additional paid-in capital		3,265.6	3,259.8	3,130.2
Reserves and retained earnings		10,813.1	10,020.0	8,087.1
Net profit		3,860.5	4,158.8	4,105.8
Regulated provisions		29.9	36.2	49.8
Shareholders' equity		18,080.6	17,586.8	15,484.5
Provisions for liabilities and charges	18	878.3	790.6	610.4
Borrowings and debt	19	4,946.5	369.3	207.5
Trade accounts payable	20	994.7	829.8	568.0
Other current liabilities	20	1,234.8	1,074.7	999.0
Other payables		7,176.0	2,273.8	1,774.5
Unrealised exchange gains	21	18.5	45.2	9.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		26,153.4	20,696.4	17,879.3

6 PARENT COMPANY FINANCIAL STATEMENTS

• Changes in shareholders' equity

6.3. CHANGES IN SHAREHOLDERS' EQUITY

The share capital comprises 557,672,360 shares with a par value of €0.2 each following transactions carried out in 2021:

- subscription of 52,397 shares following the exercise of options, the issue of 5,327 shares for the employee shareholding plan and the grant of 743,056 free shares and cancellation of 3,000,000 shares.

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 2018 before appropriation of net profit	112.1	3,070.3	42.5	7,427.7	3,594.9	64.4	14,311.9
Capital increase	0.3	59.9					60.2
Cancellation of shares	-0.8			-801.2			-802.0
Appropriation of 2018 net profit				1,418.2	-1,418.2		0.0
Dividends paid for 2018					-2,176.7		-2,176.7
2019 net profit					4,105.8		4,105.8
Other movements during the period				-0.1		-14.6	-14.7
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

The amount added to reserves for unpaid dividends on some treasury shares held by L'Oréal as well as movements between 1 January and the dividend payment date, on maturing free share plans, stock option exercises and the final number of shares carrying preferential dividend rights, stood at -€2.7 million in 2021, compared with -€6.2 million in 2020 and -€0.7 million in 2019.

Regulated provisions mainly consisted of accelerated tax-driven depreciation, which amounted to €29.9 million at 31 December 2021, compared with €36.2 million at 31 December 2020 and €49.8 million at 31 December 2019.

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

6.4. STATEMENTS OF CASH FLOWS

€ millions	Notes	31.12.2021	31.12.2020	31.12.2019
Operating activities				
Net profit		3,860.5	4,158.8	4,105.8
Depreciation and amortisation	11-12	162.7	145.4	121.0
Charges to provisions (net of reversals)		121.8	216.4	304.4
Gains and losses on disposals of non-current assets		57.9	78.4	-1.3
Other non-cash transactions ⁽¹⁾		3.6	-1.5	-136.4
Gross cash flow		4,206.5	4,597.5	4,393.5
Changes in working capital	25	45.0	185.0	-231.0
Net cash provided by operating activities		4,251.5	4,782.5	4,162.5
Investing activities				
Investments in non-current assets	11/12/2014	-10,594.5	-1,605.3	-1,234.3
Changes in other financial assets	26	171.8	-58.7	30.9
Disposals of non-current assets		36.5	65.3	55.4
Net cash from investing activities		-10,386.2	-1,598.7	-1,148.0
Financing activities				
Capital increase		5.8	129.7	60.0
Dividends paid		-2,264.4	-2,172.6	-2,176.7
Changes in financial debt	19	4,577.3	160.3	-0.9
Net cash from financing activities		2,318.7	-1,882.6	-2,117.6
Cash acquired or sold in the period (complete transfer of assets and liabilities)		26.3	25.7	69.8
Change in cash and cash equivalents		-3,789.7	1,327.0	966.7
Net cash and cash equivalents at beginning of the year	27	3,790.3	2,463.3	1,496.6
NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	27	0.6	3,790.3	2,463.3

(1) In 2019, mainly consisted of the merger bonus from the universal transfer of the assets and liabilities of Lancôme Parfums et Beauté & Cie and, in 2020, of the merger bonus from L'Oréal Produits de Luxe France.

6.5. NOTES TO THE FINANCIAL STATEMENTS OF L'ORÉAL SA

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Highlights of the financial year

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. This transaction led the Group to take out a bridging loan of €1.9 billion and issue commercial paper for €2.3 billion, with the balance financed by the cash available at 31 December 2021.

NOTE 1. Accounting principles

The Company's annual financial statements are prepared in accordance with French law and regulations (French Chart of Accounts) and generally accepted accounting principles.

1.1. Sales

These are comprised of sales of goods (net of returns from distributors and 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 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. 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.

1.5. 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.

1.6. 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.

1.7. Financial assets

1.7.1. 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 equity owned. If the value in use falls below the net book value, an impairment is recognised.

1.7.2. 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.

1.8. Inventories

Inventories are valued using the weighted average cost method.

An impairment is made for obsolete and slow-moving inventories on the basis of their probable net realisable value, estimated on the basis of historic and projected data.

1.9. 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.

1.10. 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.

1.11. 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 relate mainly to commercial and financial contingencies and litigation (subsidiaries...) and to Administration and employee-related contingencies.

These provisions are estimated on the basis of the most likely assumptions or by using statistical methods, depending on their type.

1.12. Accounting for foreign currency transactions and exchange rate hedges

All receivables and payables denominated in foreign currencies are translated at the exchange rates prevailing at the end of the financial year.

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.

Translation differences on operating assets and liabilities and related hedging instruments are also recognised in the balance sheet as "Unrealised exchange gains or losses".

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.

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.

1.13. 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.

1.14. 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, which are shown in 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	31.12.2021	31.12.2020	31.12.2019
Sales of goods ⁽¹⁾	2,351.2	2,199.3	1,547.9
Services ⁽²⁾	2,795.7	2,506.6	2,424.2
Other revenue	108.5	131.9	158.9
TOTAL	5,255.4	4,837.8	4,131.0

(1) On 1 January 2020, L'Oréal Produits de Luxe France and Cosmétique Active France transferred all of their assets to L'Oréal, in consideration for taking on all of their debt.

(2) Including invoicing of technological assistance.

The Company generated €3,093.6 million of its net sales in France in 2021, compared with €2,901.5 million in 2020 and €2,263.9 million in 2019.

NOTE 3. Other revenue

This account mainly includes trademark royalties as well as foreign exchange gains on operations, booked under *Other revenue* since 1 January 2017 pursuant to ANC Regulation No. 2015-05.

NOTE 4. Average headcount

Average headcount can be broken down as follows:

	2021	2020 ⁽¹⁾	2019
Executives	6,001	5,671	4,923
Supervisors	2,119	2,160	1,975
Administrative staff	148	171	180
Manual workers	326	332	227
Sales representatives	540	566	387
TOTAL	9,134	8,900	7,692
Apprentices	410	278	232

(1) Including a change in 2020 in Cosmétique Active France and L'Oréal Produits de Luxe France personnel, following their merger with L'Oréal on 1 January 2020.

NOTE 5. Depreciation, amortisation and charges to provisions

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

€ millions	31.12.2021	31.12.2020	31.12.2019
Depreciation and amortisation	-152.2	-136.4	-119.0
Impairment of non-current assets	-18.9	-73.2	-67.9
Impairment of current assets	-9.8	-12.2	-4.5
Provisions for liabilities and charges	-107.8	-107.4	-92.2
TOTAL	-288.7	-329.2	-283.6

NOTE 6. Net financial income

Net financial income amounts include the following items:

€ millions	31.12.2021	31.12.2020	31.12.2019
Dividends received	3,549.2	3,940.9	3,967.0
Revenues on other receivables and marketable securities	0.1	0.1	0.2
Interest expense on borrowings and financial debt	-21.9	-21.6	-9.8
Other ⁽¹⁾	-10.3	-7.0	129.1
TOTAL	3,517.1	3,912.4	4,086.5

(1) In 2019, this mainly included the merger bonus related to the universal transfer of the assets and liabilities of Lancôme Parfums and Beauté & Cie.

6 PARENT COMPANY FINANCIAL STATEMENTS

• Notes to the financial statements of L'Oréal SA

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

€ millions	31.12.2021	31.12.2020	31.12.2019
Financial investments ⁽¹⁾	-40.4	-79.8	-181.4
Impairment of other financial assets	-	-	-
Impairment of Treasury shares	-	-	-
Provisions for liabilities and charges relating to financial items ⁽²⁾	-143.0	2.7	-17.2
Other	-	-	-
TOTAL	-183.4	-77.1	-198.6

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

In 2019, this mainly related to the impairment of shares in Magic Holdings.

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

NOTE 7. Exceptional items

Exceptional items represented €2.1 million in 2021, compared to -€156.4 million in 2020 and €22.5 million in 2019.

NOTE 8. Income tax

The income tax breaks down as follows:

€ millions	31.12.2021	31.12.2020	31.12.2019
Tax on profit before tax and exceptional items	-82.3	-39.8	-87.6
Tax on exceptional items and employee Profit Sharing	80.6	17.0	4.9
INCOME TAX	-1.7	-22.8	-82.7

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.

In 2019, the tax charge recorded by L'Oréal included a tax consolidation loss of €4.1 million and €55.5 million for the agreement with the French Tax Administration regarding the disagreement over which French business products fall under the tax base for 2014 to 2018.

NOTE 9. Increases or reductions in future tax liabilities

€ millions	31.12.2019		31.12.2020		Changes		31.12.2021	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Temporary differences								
Regulated provisions	-	15.9	-	10.2	3.7	1.1	-	7.6
Temporarily non-deductible charges	95.3	-	116.3	-	40.9	24.4	132.8	-
Charges deducted (or revenue taxed) for tax purposes but not yet recognised	-	16.1	-	0.2	-	43.7	-	43.8
Temporarily non-taxable revenue	-	-	-	-	-	-	-	-
Deductible items								
Tax losses, deferred items	-	-	-	-	-	-	-	-
Potentially taxable items								
Special reserve for long-term capital gains	-	169.9	-	150.7	13.7	-	-	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 2021 totalled €1,040.7 million, compared with €976.6 million in 2020 and €1,015.8 million in 2019.

NOTE 11. Intangible assets

€ millions	31.12.2019	31.12.2020	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements	31.12.2021
Patents and trademarks ⁽¹⁾	943.6	1,003.0	10.1	-8.0	142.5	1,147.6
Business goodwill ⁽²⁾	1,786.7	2,860.4	129.0	-7.7		2,981.7
Software	519.4	559.1	28.5	-19.4	34.6	602.8
Other intangible assets	250.4	551.0				551.0
Tangible assets in progress	217.9	259.3	217.6	-31.3	-184.8	260.8
Gross value	3,718.0	5,232.9	385.2	-66.4	-7.7	5,543.9
Patents and trademarks	140.3	181.6	19.8	-8.0		193.4
Business goodwill	1.5	2.0	0.6	-0.1		2.5
Software	359.0	388.5	69.0	-19.4		438.1
Other intangible assets	63.4	69.0	3.3			72.3
Amortisation	564.2	641.1	92.7	-27.5		706.3
Patents and trademarks ⁽³⁾	51.4	69.9	6.7	-1.9		74.7
Business goodwill	137.4	149.7	7.2	-6.8		150.1
Other intangible assets	27.5	6.2	1.9	-2.7		5.4
Impairment	216.3	225.8	15.8	-11.4		230.2
NET VALUE	2,937.5	4,366.0	276.7	-27.5	-7.7	4,607.4

(1) In 2021, other movements mainly related to the PRADA licence.

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

In 2020, the increase in business goodwill was due to the acquisitions of Thayers and Azzaro Mugler.

(3) In 2020, the increase in impairment of patents and trademarks mainly related to the Clarisonic brand.

NOTE 12. Tangible assets

€ millions	31.12.2019	31.12.2020	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements	31.12.2021
Land	77.5	81.1	0.1		0.1	81.3
Buildings	670.5	727.4	24.0	-3.9	21.8	769.3
Industrial machinery and equipment	208.7	220.5	9.6	-13.1	1.7	218.7
Other tangible assets	241.9	303.1	16.6	-28.4	5.9	297.2
Tangible assets in progress	61.0	40.5	36.7	-0.1	-29.0	48.1
Advances and prepayments	2.3	2.1	1.0			3.1
Gross value	1,261.9	1,374.7	88.0	-45.5	0.5	1,417.7
Land	1.5	1.8	0.3			2.1
Buildings	407.8	430.4	28.4	-3.9		454.9
Industrial machinery and equipment	163.5	174.8	10.4	-13.0	-	172.2
Other tangible assets	155.0	205.8	31.0	-28.0		208.8
Amortisation	727.8	812.8	70.1	-44.9		838.0
Land	-	0.2		-0.2		
Industrial machinery and equipment	3.2	5.8	3.1	-2.6		6.3
Impairment	3.2	6.0	3.1	-2.8		6.3
NET VALUE	530.9	555.9	14.8	2.2	0.5	573.4

Depreciation and amortisation recognised in 2021 for tangible assets and intangible assets included:

- €152.1 million on a straight-line basis;
- €0.3 million on a declining-balance basis;
- €10.4 million relating to exceptional depreciation and amortisation.

NOTE 13. Non-current assets held under finance leases

€ millions Balance sheet captions	Non-current assets under finance leases at 31.12.2021				Balance sheet including assets under finance leases		
	Cost on initial recognition ⁽¹⁾	Depreciation and amortisation ⁽²⁾		Net value	Gross value	Depreciation	Net value
		Period	Accumulated				
Land and buildings	-	-	-	-	-	-	-
TOTAL AT 31.12.2021	-	-	-	-	850.6	-457.0	393.6
Total at 31.12.2020	-	-	-	-	808.6	-432.4	376.2
Total at 31.12.2019	-	-	-	-	747.9	-409.3	338.6

(1) Value of the assets on the date the leases were signed.

(2) Depreciation charge for the year and accumulated depreciation that would have been recognised for these assets had they been purchased outright – Depreciation method on a straight-line basis over 20 years.

The finance lease option was exercised on 30 June 2019.

€ millions Balance sheet captions	Finance lease commitments						
	Lease payments made		Lease payments outstanding at year-end				Residual purchase price under the lease
	Period	Accumulated	Less than 1 year	1 to 5 years	More than 5 years	Total payable	
Land and buildings	-	-	-	-	-	-	-
TOTAL AT 31.12.2021	-	-	-	-	-	-	-
Total at 31.12.2020	-	-	-	-	-	-	-
Total at 31.12.2019	0.5	10.6	-	-	-	-	-

The finance lease option was exercised on 30 June 2019.

NOTE 14. Financial assets

€ millions	31.12.2019	31.12.2020	Allocation of technical merger losses ⁽¹⁾	Acquisitions/ Subscriptions	Disposals/ Reductions ⁽²⁾	Other movements ⁽³⁾	31.12.2021
Investments	11,586.8	11,530.0	133.1	35.0	-65.9	-566.1	11,066.1
Loans and other receivables	48.7	39.0	-	27.7	-3.3	-29.8	33.6
L'Oréal shares ⁽⁴⁾	-	-	-	10,005.9	-	-1,101.9	8,904.0
Other	4.4	4.8	-	1.9	-1.3	-	5.4
Gross value	11,639.9	11,573.8	133.1	10,070.5	-70.5	-1,697.8	20,009.1
Investments	1,005.2	1,085.0	-	135.4	-58.1	-425.9	736.4
Loans and other receivables	0.7	0.5	-	0.4	-0.5	-	0.4
Other	0.2	0.2	-	-	-	-	0.2
Impairment	1,006.1	1,085.7	-	135.8	-58.6	-425.9	737.0
NET VALUE	10,633.8	10,488.1	133.1	9,934.7	-11.9	-1,271.9	19,272.1

(1) The allocation of technical merger losses stems from the universal transfer of the assets and liabilities of Magic Holdings International to L'Oréal S.A.

(2) The amount of -€65.9 million corresponds to the disposal of Cosmeurop.

(3) Other movements mainly relate to the universal transfer of the assets and liabilities of Magic Holdings International to L'Oréal S.A. and the capital reduction following the cancellation of treasury shares by L'Oréal S.A.

(4) At its meeting of 20 April 2021, the Board of Directors approved the repurchase of L'Oréal shares for a maximum amount of €22,394.9 million. A total of 3,000,000 shares acquired under the buyback programme were cancelled in accordance with the decision of the Board of Directors on 29 July 2021. On 7 December 2021, the Board of Directors approved L'Oréal S.A.'s repurchase of its own shares from Nestlé for a total amount of €8,904.0 million.

At the end of 2021, the total market value of the treasury shares amounted to €9,256.0 million based on the average share price in December and €9,281.3 million based on the closing share price on 31 December.

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	31.12.2021	31.12.2020	31.12.2019
L'Oréal shares	-	-	-
Financial instruments/Premiums paid on options	33.4	63.9	22.6
Gross value	33.4	63.9	22.6
L'Oréal shares	-	-	-
Financial instruments/Premiums paid on options	-	-	-
Impairment	-	-	-
NET VALUE	33.4	63.9	22.6

Since 31 December 2019, there are no longer any unclaimed treasury shares.

NOTE 16. Maturity of receivables

€ millions	1 year or less	More than 1 year	Gross	Impairment	Net
Loans and other receivables	30.5	3.1	33.6	-0.4	33.2
Other financial assets	5.2	-	5.2	-	5.2
Trade accounts receivable	773.5	-	773.5	-3.3	770.2
Other current assets, of which	516.8	-	516.8	-1.8	515.0
Tax and employee-related receivables ⁽¹⁾	442.3	-	442.3	-	442.3
Other receivables	74.5	-	74.5	-1.8	72.7
Prepaid expenses	84.4	-	84.4	-	84.4

(1) Including a corporate income tax receivable in the amount of €100.9 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	31.12.2021	31.12.2020	31.12.2019
Trade accounts receivable	2.0	1.2	1.5
Other receivables	23.1	19.1	14.1
TOTAL	25.1	20.3	15.6

NOTE 17. Stock purchase or subscription options – Free shares**17.1. Share subscription or purchase options**

As at 31 December 2021, 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				
22.04.2015		23.04.2019	860,150	706,937	-
20.04.2016		21.04.2020	906,100	835,725	-
20.04.2017		21.04.2021	906,000	742,276	-
17.04.2018		18.04.2022	931,000	350	885,625
18.04.2019		19.04.2023	843,075	200	823,900
14.10.2020		15.10.2024	713,660	200	712,515
07.10.2021		08.10.2025	588,750	-	588,750

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. After this

vesting period, a two-year mandatory holding period applies for French residents, for plans prior to 1 January 2016, during which the shares cannot be sold.

6 PARENT COMPANY FINANCIAL STATEMENTS

• Notes to the financial statements of L'Oréal SA

The performance conditions concern:

- For the 07 October 2021, 14 October 2020, 18 April 2019, and 17 April 2018 plans:
 - for 50% of shares granted, the increase in 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; for the 2020, 2021 and 2022 financial years under the 2019 plan; and the 2019, 2020 and 2021 financial years under the 2018 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; in the 2021, 2022 and 2023 financial years under the 2020 plan; in the 2020, 2021 and 2022 financial years under the 2019 plan; and in the 2019, 2020 and 2021 financial years under the 2018 plan; and will use a predefined allocation scale based on the performance percentage achieved. No performance condition applies below a block of 200 shares.

The plans of 22 April 2015, 20 April 2016 and 20 April 2017 were finally granted by the allocation of, respectively, 706,262 shares on 23 April 2019, 835,600 shares on 21 April 2020 and 742,276 shares on 21 April 2021.

As at 31 December 2021, the performance conditions were deemed achieved.

In September 2020, 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 €223.25, representing 80% of the average share price over the 20 trading sessions prior to the decision by the Chairman and Chief Executive Officer setting the subscription period from 17 September to 2 October 2020 during which 417,966 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, with the final number of shares subscribed determined at 5,327 in June 2021.

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 shares subscribed. The shares will be allocated to employees on 3 November 2025 provided they are still with the Group on that date.

The capital was increased on 3 November 2020 by 452,967 shares.

NOTE 18. Provisions for liabilities and charges

€ millions	31.12.2019	31.12.2020	Charges	Reversals (used)	Reversals (not used)	Other	31.12.2021
Provisions for litigation ⁽¹⁾	192.9	193.0	1.7	-1.1	-0.6	0.4	193.4
Provisions for foreign exchange losses	52.0	24.9	176.4	-24.9	-	-	176.4
Provisions for expenses	112.7	169.4	97.4	-50.8	-45.5	1.3	171.8
Other provisions for liabilities ⁽²⁾	252.9	403.3	116.1	-48.9	-133.8	-	336.7
TOTAL	610.5	790.6	391.6	-125.7	-179.9	1.7	878.3

(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 2022. 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 2021 income statement as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	107.9	-56.7	-37.1
Net financial income	187.7	-23.8	-20.7
Exceptional items	96.0	-45.2	-122.1
TOTAL	391.6	-125.7	-179.9

NOTE 19. Borrowings and debt

L'Oréal obtains financing through medium-term bank 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 2021, compared to €5,363 million at 31 December 2020 and €3,801 million at 31 December 2019.

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

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

BREAKDOWN BY TYPE OF DEBT

€ millions	31.12.2021	31.12.2020	31.12.2019
Bonds	-	-	-
Short-term marketable instruments ⁽¹⁾	2,507.0	360.0	200.0
Bank overdrafts and financing with the Group's cash pool	-	-	-
Other borrowings and debt ⁽²⁾	2,439.5	9.3	7.5
TOTAL	4,946.50	369.3	207.5

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

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

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

BREAKDOWN BY MATURITY DATE

€ millions	31.12.2021	31.12.2020	31.12.2019
Less than 1 year	4,939.8	361.7	200.9
1 to 5 years	6.7	7.6	6.6
More than 5 years	-	-	-
TOTAL	4,946.50	369.3	207.5

EFFECTIVE INTEREST RATE AND AVERAGE INTEREST RATE ON BORROWINGS AND DEBT

The fall in euro interest rates is now reflected by drawdowns of short-term marketable instruments with negative interest rates.

The average interest rate on short-term marketable instruments denominated in euros was -0.51% in 2021, compared with -0.31% in 2020 and -0.45% in 2019.

NOTE 20. Maturity of payables

€ millions	1 year or less	More than 1 year	Total
Trade accounts payable	994.7	-	994.7
Other current liabilities, of which	1,096.2	138.6	1,234.8
Tax and employee-related payables	572.5	-	572.5
Payables related to non-current assets ⁽¹⁾	77.4	138.6	216.0
Other payables	446.3	-	446.3

(1) Non-current payables relate to earn-out clauses on acquisitions.

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

€ millions	31.12.2021	31.12.2020	31.12.2019
Trade accounts payable	542.4	482.0	369.3
Payables related to non-current assets	168.1	230.2	315.4
Tax and employee-related payables, of which	486.9	442.4	391.2
Provision for employee Profit Sharing	29.2	28.5	45.5
Provision for incentives	135.2	122.1	103.6
Other payables	199.9	179.6	64.6
TOTAL	1,397.3	1,334.2	1,140.5

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		
	31.12.2021	31.12.2020	31.12.2019	31.12.2021	31.12.2020	31.12.2019
Financial receivables	-	-	-	-	-	-
Trade accounts receivable	1.9	1.0	0.7	0.1	0.2	-
Borrowings and debt	-	-	-	-	-	-
Trade accounts payable	0.1	-	-	-	0.2	-
Derivative financial instruments	186.2	44.8	59.6	18.4	44.8	9.9
TOTAL	188.2	45.8	60.3	18.5	45.2	9.9

The overall foreign exchange position, calculated on a currency-per-currency basis at 31 December 2021, is an unrealised loss of €176.4 million. This loss is recognised as a provision for risk. At 31 December 2020, the overall foreign exchange position was an unrealised loss of €24.9 million, compared with an unrealised loss of €52.0 million at 31 December 2019.

NOTE 22. Derivative financial instruments

Derivative financial instruments can be broken down as follows:

€ millions	Notional			Market value		
	31.12.2021	31.12.2020	31.12.2019	31.12.2021	31.12.2020	31.12.2019
Currency futures						
Purchase of EURO against foreign currencies						
EUR/CNY	1,455.3	1,015.3	785.0	-130.9	1.0	-8.9
EUR/RUB	276.3	205.8	296.2	-10.2	12.4	-15.7
EUR/USD	162.4	155.5	114.2	-7.8	8.7	-5.2
EUR/BRL	106.8	69.4	81.1	-1.8	1.1	-0.1
EUR/KRW	61.3	54.2	57.8	-0.7	-0.5	-1.2
EUR/TWD	55.2	55.5	48.1	-1.4	3.6	-1.2
EUR/THB	51.8	45.0	45.1	-0.7	0.8	-2.3
EUR/IDR	45.4	35.6	42.7	-3.7	-0.6	-3.4
EUR/GBP	44.2	36.5	36.6	-1.0	0.0	-1.8
EUR/INR	26.7	23.2	19.1	-1.6	0.5	-0.7
EUR/ZAR	20.7	25.7	26.9	0.2	-2.3	-2.2
EUR/AUD	19.6	18.3	19.6	-0.4	-0.8	-0.4
EUR/CAD	16.6	16.1	25.0	-0.5	0.2	-0.8
EUR/DKK	15.9	14.8	4.3	0.0	0.0	0.0
EUR/PEN	11.0	8.1	10.4	-0.7	0.7	-0.3
EUR/TRY	1.1	60.6	61.5	0.3	-0.5	-3.8
EUR/Other currencies	65.0	53.0	74.0	-0.8	-0.4	-1.2
Sale of EUR against foreign currencies						
EUR/SGD	98.3	21.3	22.4	3.6	-0.4	0.3
EUR/PLN	36.2	32.2	37.8	-0.6	-0.5	0.6
EUR/JPY	8.7	15.2	22.7	0.1	-0.6	-0.1
EUR/HKD	0.0	16.5	9.7	0.0	-1.2	0.0
EUR/Other currencies	5.6	3.9	0.0	0.2	0.1	0.0
Purchase of USD against foreign currencies						
USD/CNY	256.6	179.4	153.8	-11.8	-11.2	-1.1
USD/BRL	46.3	26.6	56.4	1.3	-1.4	0.2
USD/THB	31.0	33.9	34.4	0.9	-1.7	-1.4
USD/KRW	15.5	15.4	15.7	0.6	-1.3	-0.1
USD/PEN	12.9	11.8	12.7	0.1	0.2	-0.2
USD/TWD	11.2	13.1	15.1	0.2	-0.1	-0.3
USD/PHP	9.6	20.4	9.2	0.3	-0.5	-0.3
USD/Other currencies	9.0	16.8	29.3	0.0	-0.7	-1.8
Sale of USD against foreign currencies						
USD/IDR	22.4	25.6	23.2	0.7	1.5	1.3
USD/Other currencies	0.6	0.0	0.0	-0.2	0.0	0.0

€ millions	Notional			Market value		
	31.12.2021	31.12.2020	31.12.2019	31.12.2021	31.12.2020	31.12.2019
Purchase of CNY against foreign currencies						
CNY/IDR	28.4	18.9	32.4	-0.2	-0.3	-2.1
CNY/THB	21.8	21.1	27.8	1.1	0.3	-0.8
CNY/INR	21.4	23.5	24.8	0.1	0.8	-0.7
CNY/PHP	9.1	3.4	17.7	0.3	0.1	-0.7
CNY/Other currencies	6.3	7.9	8.4	0.3	0.4	-0.2
Other currencies pairs						
JPY/CNY	95.6	48.9	45.2	-7.0	-1.5	-1.0
KRW/CNY	31.8	44.5	11.5	-2.7	0.6	0.0
PLN/RUB	5.7	10.6	7.9	-0.4	0.3	-0.5
Other	33.8	27.5	30.8	-1.0	-0.6	-0.8
Currency futures total	3,253.11	2,531.0	2,396.5	-175.8	6.2	-58.9
Currency options						
EUR/CNY	0.0	101.1	63.5	0.0	3.6	1.7
EUR/RUB	0.0	62.2	0.0	0.0	7.4	0.0
EUR/BRL	11.1	26.0	9.9	0.1	2.1	0.8
USD/BRL	0.0	18.6	7.8	0.0	0.6	0.6
EUR/USD	28.2	13.6	15.7	0.0	1.1	0.3
EUR/TRY	0.0	9.4	19.7	0.0	1.5	1.3
Other currencies	0.0	0.0	3.0	0.0	0.0	0.0
Currencies options total	39.3	230.9	119.6	0.1	16.3	4.7
Of which total options purchased	39.3	230.9	119.6	0.1	16.3	4.7
Of which total options sold	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL INSTRUMENTS	3,292.4	2,761.9	2,516.1	-175.7	22.5	-54.2

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 €83.6 million due in less than one year, €216.0 million due between one and five years and €28.2 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	31.12.2021	31.12.2020	31.12.2019
Commitments in connection with employee retirement obligations and related benefits ⁽¹⁾	111.2	499.4	246.1
Commitments to buy out non-controlling interests	10.6	8.5	9.9
Guarantees given ⁽²⁾	4,579.0	4,235.6	1,865.6
Guarantees received	1.6	3.3	3.7
Capital expenditure orders	154.0	74.2	95.1
Documentary credits	-	-	-

(1) The discount rate used in 2021 to measure commitments was 0.80% for plans providing for the payment of capital and 1.10% for annuity plans, compared with 0.30% and 0.60% respectively in 2020, and 0.70% and 1.10% in 2019.

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 €4,434.4 million at 31 December 2021 on behalf of the Group's direct and indirect subsidiaries, compared with €4,100.5 million at 31 December 2020 and €1,798.5 million at 31 December 2019. 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	31.12.2021	31.12.2020	31.12.2019
Inventories	7.1	-11.9	6.5
Accounts Receivable	-233.3	79.7	-15.7
Accounts Payable	271.2	117.2	-221.8
TOTAL	45.0	185.0	-231.0

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	31.12.2021	31.12.2020	31.12.2019
Cash and cash equivalents	0.6	3,791.3	2,463.5
Accrued interest receivable	-	-	-
Bank overdrafts and financing with the Group's cash pool (see note 19)	-	-	-
Accrued interest payable	-	-1	-0.2
NET CASH AND CASH EQUIVALENTS	0.6	3,790.3	2,463.3

NOTE 28. Other information

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

NOTE 29. Subsequent events

No significant events took place between the balance sheet date and the date of issue of the financial statements by the Board of Directors.

NOTE 30. Table of subsidiaries and holdings

| DETAILED INFORMATION

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Acquisition cost	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	549	100.00	78,723	78,723	78,723	2,418	1,214
Beauté, Recherche & Industries	1,069	16,227	100.00	9,495	9,495	9,495	5,164	7,483
Cosmétique Active International	19	13,947	88.97	15,100	15,100	15,100	75,565	56,995
Cosmétique Active Production	186	21,635	80.13	5,049	5,081	5,081	10,351	5,019
EpiSkin	13,609	10,458	99.92	17,999	18,000	17,999	656	0
Fapagau & Cie	15	3,924	79.00	12	12	12	8,346	7,667
Faporeal	11,944	5,273	100.00	11,953	11,954	11,953	5,107	4,499
Finval	19,516	142,683	100.00	75,677	75,678	75,677	27,654	50,648
Gemey Paris - Maybelline New York	35	8,168	99.96	46	46	46	4,513	3,164
Holdial	1	1,202	98.00	1	1	1	1,666	0
L & J Ré	1,500	14,518	100.00	1,500	1,500	1,500	3,928	0
La Roche-Posay Laboratoire Pharmaceutique	380	4,437	99.98	27,579	27,579	27,579	29,830	36,016
Noveal	1,958	10,184	100.00	19,955	21,501	21,501	4,643	4,073
Nutricos Technologies	535	72	50.00	38,125	38,125	0	-70	0
Laboratoire Sanoflore	10	1,147	100.00	5,197	5,197	1,697	749	801
L'Oréal Fund For Nature Regeneration	7,500	0	100.00	20,000	20,000	20,000	0	0
L'Oréal Produits de Luxe International	98	56,024	99.85	75,350	75,350	75,350	38,274	0
LOA3	90,402	-36,393	100.00	90,400	90,400	90,400	-1,348	0
BOLD (Business Opportunities for L'Oréal Development)	49,253	23,133	100.00	83,603	83,603	83,603	-338	0
LOA7	838	-5,140	100.00	1,129	1,129	29	1,042	0
Real Campus by L'Oréal	7,205	-2,815	100.00	7,205	7,205	7,205	-1,805	0
LOA10	5	-4	100.00	5	5	5	-1,471	0
LOA11	50	0	100.00	50	50	50	-5	0
Retail Excellence 4	508	402	100.00	825	825	825	843	882
Prestige & Collections International	78	7,617	99.81	98,364	98,364	98,364	407,048	328,927
Magic Holdings International Limited	33	31,782	100.00	63,411	63,411	11	8,904	0
Sicôs & Cie	375	10,117	100.00	386	1,076	1,076	11,982	12,703
Soprococ	8,250	9,863	100.00	8,521	11,904	11,904	9,994	9,192
Soproréal	15	2,489	99.90	15	15	15	7,370	1,896
Sparlys	5,477	2,309	100.00	8,553	8,553	8,553	3,778	2,885
Thermes De Saint Gervais Les Bains Le Fayet	1,047	4,722	100.00	22,942	22,942	16,942	-1,480	0
B. Main French investments (Holdings of under 50%)								
Sanofi ⁽²⁾	2,527,121		9.36	423,887	423,887	423,887		378,327

(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 2021 amounted to €10,472,575 thousand.

6 PARENT COMPANY FINANCIAL STATEMENTS

• Notes to the financial statements of L'Oréal SA

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Acquisition cost	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%)								
Atelier Cologne (Luxembourg)	1,210	13,377	100.00	92,943	92,943	590	-87	0
Beautycos International Co. Ltd (China)	52,482	38,176	73.46	46,195	46,195	46,195	14,071	11,968
Beautylux International Cosmetics (Shanghai) Co. Ltd (China)	5,629	202	100.00	16,871	16,871	4,871	92	0
Biotherm (Monaco)	152	16	99.80	3,505	3,545	3,545	7,597	7,187
Canan Kozmetik Sanayi Ve Ticaret A.S. (Turkey)	6,451	-1,159	100.00	30,290	30,290	21,290	816	1,949
Cosmelor Ltd (Japan)	548	18,180	100.00	35,810	35,810	24,810	6,088	4,408
Cosmephil Holdings Corporation (Philippines)	171	-120	100.00	400	400	14	0	0
Egypteloc LLC (Egypt)	6	12	99.80	7	7	7	-51	518
Elebelle (Proprietary) Ltd (South Africa)	806	25,019	100.00	61,123	61,123	13,123	0	0
Erwiton S.A. (Uruguay)	147	386	100.00	3	3	3	10,981	8,557
Interbeauty Cosmetics Ltd (Israel)	4,137	16,082	92.97	38,497	38,497	38,497	2,727	8,447
Kosmepol Sp. z.o.o. (Poland)	38,844	55,892	99.73	48,965	48,965	48,965	5,387	6,302
L'Oréal Adria d.o.o. (Croatia)	131	3,874	100.00	1,503	1,503	1,503	8,417	5,140
L'Oréal Argentina S.A.	53,481	28,292	96.19	161,555	161,555	39,655	16,450	0
L'Oréal Australia Pty Ltd	2,711	18,088	100.00	33,516	33,867	33,867	57,513	54,830
L'Oréal Balkan d.o.o. (Serbia)	1,283	-314	100.00	1,285	1,285	1,285	2,610	2,929
L'Oréal Baltic SIA (Lithuania)	387	419	100.00	529	529	529	4,643	2,444
L'Oréal Bangladesh Ltd (Bangladesh)	2,700	-2,242	100.00	2,635	2,635	635	-8	0
L'Oréal Brasil	315,720	-141,840	90.82	287,835	287,835	287,835	19,931	1,789
L'Oréal Belgilux S.A. (Belgium)	16,124	17,221	98.93	59,871	77,150	77,150	26,451	15,607
L'Oréal Brasil Pesquisas e Inovacao Ltda	45,887	-15,786	99.99	45,654	45,654	45,654	523	0
L'Oréal Bulgaria EOOD	102	713	100.00	102	102	102	4,708	1,923
L'Oréal Canada Inc.	3,979	94,871	100.00	146,517	146,517	146,517	94,892	59,190
L'Oréal Central America (Panama)	8	-451	100.00	8	8	8	214	0
L'Oréal Central West Africa (Nigeria)	3,443	-3,436	99.91	18,106	18,106	106	0	0
L'Oréal Ceska Republika s.r.o (Czech Republic)	2,268	3,353	100.00	4,983	4,983	4,983	27,189	21,026
L'Oréal Chile S.A. (Chile)	6,173	10,025	100.00	43,784	43,784	43,784	30,428	20,436
L'Oréal China Co Ltd (China)	43,498	149,435	100.00	345,733	345,733	345,733	732,100	614,814
L'Oréal Colombia S.A. (Colombia)	11,658	33,506	100.00	80,419	80,419	49,419	940	0
L'Oréal Cosmetics Industry S.A.E. (Egypt)	58,382	-32,316	100.00	58,363	58,363	23,363	4,232	0
L'Oréal Côte d'Ivoire	99	-4,614	100.00	599	599	0	-5,849	0
L'Oréal Danmark A/S (Denmark)	270	5,926	100.00	7,929	8,336	8,336	48,774	33,591
L'Oréal Deutschland GmbH (Germany)	12,647	290,094	100.00	72,259	76,855	76,855	119,854	235,859
L'Oréal East Africa Ltd (Kenya)	202	16,679	99.96	53,850	53,850	8,850	-5,907	0
L'Oréal Ecuador	9	-0	99.99	9	9	9	0	0
L'Oréal Espana S.A. (Spain) (incl. Oomes merger)	59,911	20,598	100.00	361,454	361,454	361,454	70,630	53,320
L'Oréal Finland Oy (Finland)	673	37	100.00	1,280	1,280	1,280	3,003	3,029
L'Oréal Guatemala S.A.	1,044	1,262	100.00	2,162	2,162	2,162	1,363	230
L'Oréal Hellas S.A. (Greece)	9,736	1,949	100.00	34,821	35,307	35,307	17,125	12,799
L'Oréal Hong Kong Ltd	-77	24,244	99.97	24,276	24,276	24,276	19,018	371,909
L'Oréal India Private Ltd (India)	48,691	-24,729	100.00	75,987	75,987	75,987	41,001	27,531
L'Oréal Italia Spa	1,680	48,534	100.00	226,469	226,469	226,469	72,855	25,419
L'Oréal Kazakhstan LLP (Kazakhstan)	422	437	100.00	422	422	422	1,432	586
L'Oréal Korea Ltd (South Korea)	1,991	18,663	100.00	20,794	20,794	20,794	4,474	3,131

PARENT COMPANY FINANCIAL STATEMENTS

Notes to the financial statements of L'Oréal SA

	Share capital	Reserves and retained earnings before appropriation of net profit	% holding	Acquisition cost	Book value of shares held gross (after revaluation)		Profit or loss in last year	Dividends ⁽¹⁾ booked during the year
					Gross	Net		
L'Oréal Liban SAL	-428	3,195	100.00	4,136	4,136	1,136	-4,764	0
L'Oréal Magyarország Kosmetikai Kft (Hungary)	428	-207	100.00	787	787	787	2,437	3,009
L'Oréal Malaysia SDN BHD	3,268	6,833	100.00	6,762	6,762	6,762	-538	0
L'Oréal Mexico S.A. de C.V. (Mexico)	2,349	99,501	100.00	8,443	8,443	8,443	23,938	23,762
L'Oréal Middle East (United Arab Emirates)	7,761	-525	100.00	54,379	54,379	44,379	30,675	0
L'Oréal Nederland B.V. (The Netherlands)	1,178	148	100.00	18,869	22,014	22,014	26,446	25,134
L'Oréal New Zealand Ltd (New Zealand)	44	3,019	100.00	6,110	6,110	6,110	8,763	8,075
L'Oréal Norge A/S (Norway)	1,384	2,270	100.00	4,050	4,050	4,050	3,152	7,307
L'Oréal Osterreich Gmbh (Austria)	2,915	1,943	100.00	3,417	3,818	3,818	60,660	6,945
L'Oréal Pakistan Private Ltd	17,313	-30,565	100.00	17,534	17,534	0	-626	0
L'Oréal Panama S.A.	159	61	100.00	168	168	168	-317	0
L'Oréal Peru S.A. (Peru)	2,322	305	100.00	3,739	3,739	3,739	891	502
L'Oréal Philippines Inc.	3,696	3,244	99.53	39,107	39,107	4,907	-6,191	0
L'Oréal Polska Sp. Z.O.O. (Poland)	405	-11	100.00	707	707	707	36,268	38,982
L'Oréal Portugal Lda	495	420	100.00	6,289	6,459	6,459	8,798	11,106
L'Oréal Romania SRL (Romania)	799	-163	100.00	974	974	974	13,027	10,815
L'Oréal Saudi Arabia	5,682	2,546	74.63	4,260	4,260	4,260	3,650	2,260
L'Oréal Singapore Pte Ltd (Singapore)	1,165	11,312	100.00	18,991	18,991	18,991	9,160	4,963
L'Oréal Slovensko s.r.o. (Slovakia)	98	698	100.00	173	173	173	12,834	2,114
L'Oréal Suisse S.A.	346	14,374	100.00	160,173	160,311	160,311	24,787	23,916
L'Oréal Sverige AB (Sweden)	2,038	3,123	100.00	2,247	2,247	2,247	6,063	5,260
L'Oréal Taiwan Co Ltd	187	1,267	100.00	17,881	17,881	17,881	25,973	31,055
L'Oréal Thailand Ltd	3,992	1,839	100.00	5,238	5,238	5,238	10,731	16,605
L'Oréal Türkiye Kozmetik Sanayi Ve Ticaret Anonim Şirketi	39,142	-30,758	100.00	55,093	55,093	40,093	2,710	6,055
L'OREAL UAE General Trading LLC (United Arab Emirates)	21,638	11,781	100.00	34,523	34,523	34,523	6,039	4,117
L'Oréal UK Ltd (United Kingdom)	121,150	22,984	100.00	139,351	145,573	145,573	145,942	100,307
L'Oréal Ukraine	3,033	-251	100.00	2,990	2,990	2,990	14,894	12,885
L'Oréal Uruguay S.A.	244	2,764	100.00	2,718	2,718	2,718	-3,020	1,353
L'Oréal USA Inc. ⁽²⁾	647,731	3,701,231	100.00	4,851,879	4,851,879	4,851,879	845,510	643,041
L'Oréal Venezuela C.A.	0	0	100.00	26,953	26,953	0	0	0
L'Oréal Vietnam Co Ltd	13,537	-6,459	100.00	13,646	13,646	10,246	5,730	0
L'Oréal West Africa Ltd (Ghana)	18,872	-20,278	100.00	21,760	21,760	2,500	-2,162	0
Masrelor LLC (Egypt)	17,686	-9,613	100.00	17,573	17,573	2,073	550	0
Nanda CO Ltd. (Korea)	-705	43,627	100.00	500,230	500,230	500,230	17,760	22,516
Nihon L'Oréal KK (Japan)	-17,697	149,696	100.00	351,452	351,504	351,504	-4,101	489
L'Oréal Travel Retail Americas Inc. (USA)	40	-11,287	100.00	100,317	100,317	100,317	9,292	0
Procosa Productos de Beleza Ltda (Brazil)	154,665	-29,092	100.00	223,938	223,938	223,938	8,508	2,733
P.T. L'Oréal Indonesia	1,510	1,563	99.00	2,305	2,305	2,305	3,795	0
P.T. Yasulor Indonesia	73,931	72	99.99	110,022	110,022	79,022	6,073	2,163
Scental Limited (Hong-Kong)	5	194	100.00	8	8	8	0	0
Venprobel (Venezuela)	0	0	100.00	2,722	2,722	0	0	0
B. Main French investments (Holdings of under 50%)								
LIPP Distribution (Tunisia)	3,561	3,443	49.00	9,009	9,009	9,009	1,155	1,970

(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'OREAL USA INC

6 PARENT COMPANY FINANCIAL STATEMENTS

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

| GLOBAL INFORMATION RELATING TO SUBSIDIARIES AND INVESTMENTS

	Subsidiaries		Other investments	
	French	Foreign	French	Foreign
Book value of shares held:				
• Gross (after revaluation)	792,837	9,424,518	436,351	9,009
• Net	696,112	8,819,711	436,351	9,009
Amount of loans and advances granted		17,939		
Amount of guarantees and security granted	7,122	4,427,229		
Amount of dividends booked	534,096	2,634,339	378,838	1,971

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 and the amount of tax applicable to such expenses and charges are as follows:

Expenses and charges	€3.9 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. 441-6-1 and D. 441-4 of the French Commercial Code, invoices issued and received but not paid at 31 December 2021 and in arrears are broken down as follows:

In €	Article D. 441 I-1°: Invoices received but not paid at the end of the financial year and in arrears					Article D. 441 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)	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	23					552	2,991					15,764
Total amount of invoices concerned, including taxes	-125,664	1,347,059	-45,396	29,687	91,952	1,423,302	5,394,846	21,563,381	8,054,057	4,633,984	36,432,488	70,683,910
Percentage of total amount of purchases (including taxes) for the financial year	0.00	0.03	0.00	0.00	0.00	0.03						
Percentage of total sales (including taxes) for the financial year							0.09	0.34	0.13	0.07	0.58	1.12
(B) Invoices excluded from (A) because of disputed or unrecognised payables and receivables												
Number of invoices			3,199						670			
Value			10,803,249						1,359,752			
(C) Benchmark payment terms used (contractual or statutory term, Article L. 441 or L. 443 of the French Commercial Code)												
Benchmark payment terms used to calculate late payments	Statutory payment terms: 45 days from end of month											

6.6.3. Sales (excluding taxes)

€ millions	2021	2020	% change
Sales			
1 st quarter	1,319.7	1,268.9	4.00%
2 nd quarter	1,280.9	1,147.7	11.61%
3 rd quarter	1,274.0	1,179.5	8.01%
4 th quarter	1,380.8	1,241.7	11.20%
TOTAL	5,255.4	4,837.8	8.63%

N.B. : This 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 €)	2017	2018	2019	2020	2021
I. Financial situation at financial year-end					
a) Share capital	112.1	112.1	111.6	112.0	111.5
b) Number of shares	560,519,088	560,396,652	558,117,205	559,871,580	557,672,360 ⁽¹⁾
c) Number of convertible bonds					
II. Overall results of operations					
a) Net pre-tax sales	3,613.5	3,888.4	4,131.0	4,837.8	5,255.4
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment activities and profit-sharing reserve)	2,917.8	4,017.1	4,658.7	4,570.7	4,174.1
c) Income tax	166.0	6.9	-82.7	-22.8	-1.7
d) Net profit	3,051.7	3,594.9	4,105.8	4,158.8	3,860.5
e) Amount of distributed profits	2,006.6	2,176.7	2,172.6	2,264.4	2,596.7 ⁽²⁾
III. Results of operations per share					
a) Profit after tax and profit-sharing, but before depreciation, amortisation and provisions	5.47	7.14	8.12	8.07	7.43
b) Net profit	5.44	6.41	7.36	7.43	6.92
c) Dividend paid on each share (not including tax credit)	3.55	3.85	3.85	4.00	4.80 ⁽²⁾
IV. Personnel					
a) Number of employees	7,060	7,510	7,692	8,900	9,134
b) Total salaries	612.2	667.4	692.3	804.6	860.9
c) Amount paid for welfare benefits (social security, provident schemes, etc.)	286.4	312.0	346.2	408.6	415.8

(1) The share capital comprises 557,672,360 shares with a par value of €0.2 following the subscription of 52,397 shares through the exercise of options, the issue of 5,357 shares under the employee shareholding plan, the grant of 743,026 free shares and the cancellation of 3 million shares.

(2) The dividend will be proposed to the Annual General Meeting of 21 April 2022.

6.8. INVESTMENTS (MAIN CHANGES INCLUDING SHAREHOLDING THRESHOLD CHANGES)

INVESTMENTS

(Main changes including shareholding threshold changes >5%)

€ millions Headings	At 31.12.2020 Including revaluation		Acquisitions		Subscriptions		Other		At 31.12.2021	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Atelier Cologne Luxembourg	107.0	100.0					-14.0		92.9	100.0
Bold	63.6	100.0			20.0				83.6	100.0
Cosmeurop	65.8	100.0					-65.8	⁽¹⁾	0.0	-
LOA11	0.0	-			50.0				50.0	100.0
L'Oréal Bangladesh	0.2	99.99					2.5		2.7	99.99
L'Oréal East Africa	46.8	99.93					7.0		53.8	99.96
L'Oréal Fund For Nature Regeneration	7.5	100.0	12.5						20.0	100.0
L'Oréal Investments	0.0	100.0					0.0	⁽¹⁾	0.0	100.0
L'Oréal UAE General Trading	18.7	100.0					15.8		34.5	100.0
L'Oréal West Africa	17.3	100.0					4.5		21.8	100.0
Magic Holdings Group LTD	0.0	-					63.4	⁽²⁾	63.4	100.0
Magic Holdings International	615.2	100.0					-615.2	⁽²⁾	0.0	-
Nanda Co LTD	530.3	100.0					-30.1		500.2	100.0
Raise	10.0	2.97	2.5						12.5	3.15

(1) Sale.

(2) Universal transfer of assets and liabilities