

# 6.

## 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.

## 6. PARENT COMPANY FINANCIAL STATEMENTS

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 with regard to 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 and the five-year financial summary as well as 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. 441-6 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	31.12.2020	31.12.2019	31.12.2018
<b>Operating revenue</b>		<b>5,535.9</b>	<b>4,615.5</b>	<b>4,319.4</b>
Sales	2	4,837.8	4,131.0	3,888.4
Reversals of provisions and transfers of charges		194.8	84.5	76.4
Other revenue	3	503.4	400.0	354.6
<b>Operating expenses</b>		<b>-5,022.4</b>	<b>-4,184.5</b>	<b>-3,930.4</b>
Purchases and change in inventories		-674.6	-424.7	-401.0
Other purchases and external charges		-2,404.3	-2,119.0	-2,064.0
Taxes and similar payments		-119.2	-108.2	-92.0
Personnel costs		-1,213.2	-1,038.5	-979.4
Depreciation, amortisation and charges to provisions	5	-329.2	-283.6	-195.6
Other charges		-281.9	-210.5	-198.4
<b>Operating profit</b>		<b>513.6</b>	<b>431.0</b>	<b>389.0</b>
Net financial revenue	6	3,912.4	4,086.5	3,523.6
Net charges/reversals of provisions and transfers of charges	6	-77.1	-198.7	-221.9
Exchange gains and losses		16.4	-108.0	-24.2
<b>Net financial income</b>		<b>3,851.7</b>	<b>3,779.8</b>	<b>3,277.5</b>
<b>Profit before tax and exceptional items</b>		<b>4,365.3</b>	<b>4,210.8</b>	<b>3,666.5</b>
<b>Exceptional items</b>	<b>7</b>	<b>-156.4</b>	<b>22.5</b>	<b>-57.0</b>
Employee Profit Sharing		-27.2	-44.8	-21.5
Income tax	8	-22.8	-82.7	6.9
<b>NET PROFIT</b>		<b>4,158.8</b>	<b>4,105.8</b>	<b>3,594.9</b>

## 6.2. COMPARED BALANCE SHEETS

### Assets

€ millions (net values)	Notes	31.12.2020	31.12.2019	31.12.2018
Intangible assets	11	4,366.0	2,937.5	2,820.5
Tangible assets	12	555.9	530.9	513.5
Financial assets	14	10,488.1	10,633.8	10,368.8
<b>Non-current assets</b>		<b>15,410.0</b>	<b>14,102.2</b>	<b>13,702.8</b>
Inventories		107.2	69.7	74.8
Prepayments to suppliers		7.8	7.3	7.8
Trade accounts receivable	16	692.9	616.7	540.5
Other current assets	16	489.8	471.1	486.2
Marketable securities	15	63.9	22.6	93.5
Cash and cash equivalents	27	3,791.3	2,463.5	1,496.9
<b>Current assets</b>		<b>5,152.9</b>	<b>3,650.9</b>	<b>2,699.7</b>
Prepaid expenses		87.7	65.9	59.6
Unrealised exchange losses	21	45.8	60.3	55.0
<b>TOTAL ASSETS</b>		<b>20,696.4</b>	<b>17,879.3</b>	<b>16,517.1</b>

### Liabilities

€ millions	Notes	31.12.2020	31.12.2019	31.12.2018
Share Capital		112.0	111.6	112.1
Additional paid-in capital		3,259.8	3,130.2	3,070.3
Reserves and retained earnings		10,020.0	8,087.1	7,470.2
Net profit		4,158.8	4,105.8	3,594.9
Regulated provisions		36.2	49.8	64.4
<b>Shareholders' equity</b>		<b>17,586.8</b>	<b>15,484.5</b>	<b>14,311.9</b>
<b>Provisions for liabilities and charges</b>	<b>18</b>	<b>790.6</b>	<b>610.4</b>	<b>516.0</b>
Borrowings and debt	19	369.3	207.5	209.6
Trade accounts payable	20	829.8	568.0	718.4
Other current liabilities	20	1,074.7	999.0	743.8
<b>Other payables</b>		<b>2,273.8</b>	<b>1,774.5</b>	<b>1,671.8</b>
Unrealised exchange gains	21	45.2	9.9	17.4
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>20,696.4</b>	<b>17,879.3</b>	<b>16,517.1</b>

## 6. PARENT COMPANY FINANCIAL STATEMENTS

### Changes in shareholders' equity

### 6.3. CHANGES IN SHAREHOLDERS' EQUITY

The share capital comprises 559,871,580 shares with a par value of €0.2 each following transactions carried out in 2020:

- subscription of 465,796 shares following the exercise of options, the issue of 452,979 shares for the employee shareholding plan and the grant of 835,600 free 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
<b>Balance at 31 December 2017 before appropriation of net profit</b>	<b>112.1</b>	<b>2,935.3</b>	<b>42.5</b>	<b>6,880.4</b>	<b>3,051.7</b>	<b>89.0</b>	<b>13,111.0</b>
Capital increase	0.5	135.0					135.5
Cancellation of shares	-0.5			-497.6			-498.1
Appropriation of 2017 net profit				1,045.1	-1,045.1		0.0
Dividends paid for 2017					-2,006.6		-2,006.6
2018 net profit					3,594.9		3,594.9
Other movements during the period				-0.2		-24.6	-24.8
<b>Balance at 31 December 2018 before appropriation of net profit</b>	<b>112.1</b>	<b>3,070.3</b>	<b>42.5</b>	<b>7,427.7</b>	<b>3,594.9</b>	<b>64.4</b>	<b>14,311.9</b>
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
<b>Balance at 31 December 2019 before appropriation of net profit</b>	<b>111.6</b>	<b>3,130.2</b>	<b>42.5</b>	<b>8,044.6</b>	<b>4,105.8</b>	<b>49.8</b>	<b>15,484.5</b>
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
<b>BALANCE AT 31 DECEMBER 2020 BEFORE APPROPRIATION OF NET PROFIT</b>	<b>112.0</b>	<b>3,259.8</b>	<b>42.5</b>	<b>9,977.7</b>	<b>4,158.8</b>	<b>36.2</b>	<b>17,586.8</b>

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 -€6.2 million in 2020, compared with -€0.7 million in 2019 and -€0.7 million in 2018.

Regulated provisions mainly consisted of accelerated tax-driven depreciation, which amounted to €36 million at 31 December 2020, compared with €49.7 million at 31 December 2019 and €64.2 million at 31 December 2018.

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

## 6.4. STATEMENTS OF CASH FLOWS

€ millions	Notes	31.12.2020	31.12.2019	31.12.2018
<b>Operating activities</b>				
<b>Net profit</b>		<b>4,158.8</b>	<b>4,105.8</b>	<b>3,594.9</b>
Depreciation and amortisation	11-12	145.4	121.0	117.2
Charges to provisions (net of reversals)		216.4	304.4	290.4
Gains and losses on disposals of non-current assets		78.4	-1.3	2.0
Other non-cash transactions <sup>(1)</sup>		-1.5	-136.4	-
<b>Gross cash flow</b>		<b>4,597.5</b>	<b>4,393.5</b>	<b>4,004.5</b>
Changes in working capital	25	185.0	-231.0	81.8
<b>Net cash provided by operating activities</b>		<b>4,782.5</b>	<b>4,162.5</b>	<b>4,086.3</b>
<b>Investing activities</b>				
Investments in non-current assets		-1,605.3	-1,234.3	-1,674.2
Changes in other financial assets	26	-58.7	30.9	56.2
Disposals of non-current assets		65.3	55.4	39.5
<b>Net cash from investing activities</b>		<b>-1,598.7</b>	<b>1,148.0</b>	<b>-1,578.5</b>
<b>Financing activities</b>				
Capital increase		129.7	60.0	135.3
Dividends paid		-2,172.6	-2,176.7	-2,006.6
Changes in financial debt		160.3	-0.9	-1.9
<b>Net cash from financing activities</b>		<b>-1,882.6</b>	<b>-2,117.6</b>	<b>-1,873.2</b>
Cash acquired or sold in the period (complete transfer of assets and liabilities)		25.7	69.8	55.9
<b>Change in cash and cash equivalents</b>		<b>1,327.0</b>	<b>966.7</b>	<b>690.5</b>
Net cash and cash equivalents at beginning of the year	27	2,463.3	1,496.6	806.1
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>27</b>	<b>3,790.3</b>	<b>2,463.3</b>	<b>1,496.6</b>

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

## 6. PARENT COMPANY FINANCIAL STATEMENTS

Notes to the financial statements of L'Oréal SA

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

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#### Highlights of the financial year

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

On 29 June 2020, L'Oréal and the French investment holding company Impala finalised the sale of the Roger & Gallet brand.

On 31 March 2020, L'Oréal finalised the acquisition of Clarins' fragrance division which comprised, at the completion date, Azzaro Beauté, Thierry Mugler, Azzaro Mugler Beauté, Azzaro Beauté France, Cosmeurop and Azzaro Beauté UK. Following this acquisition, legal restructuring transactions were carried out:

On 3 August 2020, the assets and liabilities of Azzaro Beauté were transferred to L'Oréal.

On 1 November 2020, Azzaro Mugler Beauté transferred all its assets to L'Oréal, in consideration for taking on all its debt, with retroactive effect to 1 April 2020.

On 3 November 2020, the assets and liabilities of Thierry Mugler were transferred to L'Oréal.

## 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 two to ten 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 seven 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 ten years, with all additional depreciation classified as accelerated tax-driven depreciation.

### 1.7. Financial assets

#### 1.7.1. Financial 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.

## 6. PARENT COMPANY FINANCIAL STATEMENTS

Notes to the financial statements of L'Oréal SA

### 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.

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	31.12.2020	31.12.2019	31.12.2018
Sales of goods <sup>(1)</sup>	2,199.3	1,547.9	1,537.7
Services <sup>(2)</sup>	2,506.6	2,424.2	2,186.8
Other revenue	131.9	158.9	163.9
<b>TOTAL</b>	<b>4,837.8</b>	<b>4,131.0</b>	<b>3,888.4</b>

(1) On 30 June 2018, Gemey Maybelline Garnier transferred all its assets to L'Oréal, in consideration for taking on all its debt, with retroactive effect to 1 January 2018.

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 €2,901.5 million of its net sales in France in 2020, compared with €2,263.9 million in 2019 and €2,172.5 million in 2018.

## 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:

	2020 <sup>(1)</sup>	2019	2018
Executives	5,671	4,923	4,650
Supervisors	2,160	1,975	2,011
Administrative staff	171	180	210
Manual workers	332	227	219
Sales representatives	566	387	420
<b>TOTAL</b>	<b>8,900</b>	<b>7,692</b>	<b>7,510</b>
Apprentices	278	232	203

(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	31.12.2020	31.12.2019	31.12.2018
Depreciation and amortisation	-136.4	-119.0	-111.8
Impairment of non-current assets	-73.2	-67.9	-13.3
Impairment of current assets	-12.2	-4.5	-5.7
Provisions for liabilities and charges	-107.4	-92.2	-64.8
<b>TOTAL</b>	<b>-329.2</b>	<b>-283.6</b>	<b>-195.6</b>

## NOTE 6. Net financial income

Net financial income amounts include the following items:

€ millions	31.12.2020	31.12.2019	31.12.2018
Dividends received	3,940.9	3,967.0	3,533.2
Revenues on other receivables and marketable securities	0.1	0.2	0.5
Interest expense on borrowings and financial debt	-21.6	-9.8	-5.9
Other <sup>(1)</sup>	-7.0	129.1	-4.2
<b>TOTAL</b>	<b>3,912.4</b>	<b>4,086.5</b>	<b>3,523.6</b>

(1) In 2019, this mainly included the merger bonus related to the complete transfer of assets and liabilities of Lancôme Parfums et 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	31.12.2020	31.12.2019	31.12.2018
Impairment of financial investments <sup>(1)</sup>	-79.8	-181.4	-256.8
Impairment of other financial assets	-	-	-
Impairment of Treasury shares	-	-	-
Provisions for liabilities and charges relating to financial items	2.7	-17.2	34.9
Other	-	-	-
<b>TOTAL</b>	<b>-77.1</b>	<b>-198.6</b>	<b>-221.9</b>

(1) In 2018, this mainly related to the impairment of shares in Atelier Cologne and L'Oréal Argentina.

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

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

### NOTE 7. Exceptional items

Exceptional items represented -€156.4 million in 2020, compared to €22.5 million in 2019 and -€57.0 million in 2018.

### NOTE 8. Income tax

The income tax breaks down as follows:

€ millions	31.12.2020	31.12.2019	31.12.2018
Tax on profit before tax and exceptional items	-39.8	-87.6	4.3
Tax on exceptional items and employee Profit Sharing	17	4.9	2.6
<b>INCOME TAX</b>	<b>-22.8</b>	<b>-82.7</b>	<b>6.9</b>

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 includes 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.

In 2018, the tax income recognised by L'Oréal reflected €56.0 million in savings resulting from tax consolidation.

### NOTE 9. Increases or reductions in future tax liabilities

€ millions	31.12.2018		31.12.2019		Changes		31.12.2020	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
<b>Temporary differences</b>								
Regulated provisions		22.1	-	15.9	6.9	1.2		10.2
Temporarily non-deductible charges	74.7		95.3		39	18	116.3	
Charges deducted (or revenue taxed) for tax purposes but not yet recognised		12.0	-	16.1	15.9			0.2
Temporarily non-taxable revenue								
<b>Deductible items</b>								
Tax losses, deferred items								
<b>Potentially taxable items</b>								
Special reserve for long-term capital gains		182.7		169.9	19.2			150.7

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, mainly for intangible asset impairment.

### NOTE 10. Research costs

Expenses booked for Research activities in 2020 totalled €976.6 million, compared with €1,015.8 million in 2019 and €923.3 million in 2018.

## NOTE 11. Intangible assets

€ millions	31.12.2018	31.12.2019	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements <sup>(4)</sup>	31.12.2020
Patents and trademarks	930.6	943.6	2.7	-0.1	56.9	1,003.0
Business goodwill <sup>(1)</sup>	1,786.9	1,786.7	27.6	-58.6	1,104.7	2,860.4
Software	466.2	519.4	36.8	-35.0	37.9	559.1
Other intangible assets <sup>(1)</sup>	239.6	250.4	3.8	-23.2	320.0	551.0
Tangible assets in progress	54.0	217.9	114.3	-36.4	-36.5	259.3
<b>Gross value</b>	<b>3,477.3</b>	<b>3,718.0</b>	<b>174.0</b>	<b>-153.3</b>	<b>1,494.2</b>	<b>5,232.9</b>
Patents and trademarks	130.1	140.3	8.3	-0.1	33.1	181.6
Business goodwill	1.3	1.5	0.6	-0.1		2.0
Software	314.9	359.0	62.1	-35.0	2.4	388.5
Other intangible assets	59.7	63.4	5.5		0.1	69.0
<b>Amortisation</b>	<b>506.0</b>	<b>564.2</b>	<b>76.5</b>	<b>-35.2</b>	<b>35.6</b>	<b>641.1</b>
Patents and trademarks <sup>(2)</sup>	51.4	51.4	18.5			69.9
Business goodwill <sup>(3)</sup>	95.8	137.4	48.7	-54.1	17.7	149.7
Other intangible assets <sup>(3)</sup>	3.5	27.5	2.7	-24.0		6.2
<b>Impairment</b>	<b>150.7</b>	<b>216.3</b>	<b>69.9</b>	<b>-78.1</b>	<b>17.7</b>	<b>225.8</b>
<b>NET VALUE</b>	<b>2,820.6</b>	<b>2,937.5</b>	<b>27.6</b>	<b>-40.0</b>	<b>1,440.9</b>	<b>4,366.0</b>

(1) In 2020, the increase in business goodwill was due to the acquisitions of Thayers and Azzaro Mugler. The decrease in business goodwill and other intangible assets mainly related to Roger & Gallet.

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

(3) In 2019, the increase in impairment of business goodwill and of other intangible assets was primarily related to Roger & Gallet.

In 2020, the increase in business goodwill was primarily related to Clarisonic and Pulp Riot. The decrease in impairment of business goodwill and of other intangible assets was primarily related to Roger & Gallet.

(4) Other movements mainly related to the mergers of Cosmétique Active France and L'Oréal Produits de Luxe France on 1 January 2020, the universal transfer of the assets and liabilities of Azzaro Beauté on 3 August 2020, the merger of Azzaro Mugler Beauté on 1 November 2020 and the universal transfer of the assets and liabilities of Thierry Mugler on 3 November 2020 to L'Oréal.

## NOTE 12. Tangible assets

€ millions	31.12.2018	31.12.2019	Acquisitions/ Depreciation	Disposals/ Reversals	Other movements	31.12.2020
Land	76.8	77.5	0.1		3.5	81.1
Buildings	638.7	670.5	18.7	-2.3	40.5	727.4
Industrial machinery and equipment	199.8	208.7	9.2	-3.1	5.7	220.5
Other tangible assets	225.2	241.9	19.8	-15.2	56.6	303.1
Tangible assets in progress	70.0	61.0	28.7		-49.2	40.5
Advances and prepayments	0.9	2.3		-0.3	0.1	2.1
<b>Gross value</b>	<b>1,211.4</b>	<b>1,261.9</b>	<b>76.5</b>	<b>-20.9</b>	<b>57.2</b>	<b>1,374.7</b>
Land	1.2	1.5	0.3			1.8
Buildings	400.8	407.8	24.9	-2.3		430.4
Industrial machinery and equipment	155.5	163.5	9.9	-3.1	4.5	174.8
Other tangible assets	136.5	155.0	33.7	-14.8	31.9	205.8
<b>Amortisation</b>	<b>694.0</b>	<b>727.8</b>	<b>68.8</b>	<b>-20.2</b>	<b>36.4</b>	<b>812.8</b>
Land	-	-	0.2			0.2
Industrial machinery and equipment	3.9	3.2	3.8	-2.1	0.9	5.8
<b>Impairment</b>	<b>3.9</b>	<b>3.2</b>	<b>4.0</b>	<b>-2.1</b>	<b>0.9</b>	<b>6.0</b>
<b>NET VALUE</b>	<b>513.5</b>	<b>530.9</b>	<b>3.7</b>	<b>1.4</b>	<b>19.9</b>	<b>555.9</b>

Depreciation and amortisation recognised in 2020 for tangible assets and intangible assets included:

- €135.9 million on a straight-line basis;
- €0.5 million on a declining-balance basis;
- €9.0 million relating to exceptional depreciation and amortisation.

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### NOTE 13. Non-current assets held under finance leases

€ millions Balance sheet captions	Non-current assets under finance leases at 31.12.2020				Balance sheet including assets under finance leases		
	Cost on initial recognition <sup>(1)</sup>	Depreciation and amortisation expenses <sup>(2)</sup>		Net value	Gross value	Depreciation	Net value
		Period	Accumulated				
Land and buildings	-	-	-	-	-	-	-
<b>TOTAL AT 31.12.2020</b>	-	-	-	-	<b>808.6</b>	<b>-432.4</b>	<b>376.2</b>
Total at 31.12.2019	-	-	-	-	747.9	-409.3	338.6
Total at 31.12.2018	9.2	-0.5	-4.2	5.0	724.8	-406.3	318.5

(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							Residual purchase price under the lease
	Lease payments made		Lease payments outstanding at year-end					
	Period	Accumulated	Less than 1 year	1 to 5 years	More than 5 years	Total payable		
Land and buildings	-	-	-	-	-	-	-	
<b>TOTAL AT 31.12.2020</b>	-	-	-	-	-	-	-	
Total at 31.12.2019	0.5	10.6	-	-	-	-	-	
Total at 31.12.2018	1.1	10.1	0.5	-	-	0.5	-	

The finance lease option was exercised on 30 June 2019.

### NOTE 14. Financial assets

€ millions	31.12.2018	31.12.2019	Allocation of technical merger losses <sup>(3)</sup>	Acquisitions/ Subscriptions	Disposals/ Reductions	Other movements <sup>(2)</sup>	31.12.2020
Financial investments <sup>(1)</sup>	11,117.7	11,586.8	247.3	1,295.0	-19.3	-1,579.8	11,530.0
Loans and other receivables	61.7	48.7	-	18.6	-4.3	-24.0	39.0
L'Oréal shares	-	-	-	-	-	-	-
Other	14.1	4.4	-	3.9	-5.1	1.6	4.8
<b>Gross value</b>	<b>11,193.5</b>	<b>11,639.9</b>	<b>247.3</b>	<b>1,317.5</b>	<b>-28.7</b>	<b>-1,602.2</b>	<b>11,573.8</b>
Financial investments	823.8	1,005.2	-	89.4	-9.6	-	1,085.0
Loans and other receivables	0.7	0.7	-	0.5	-0.7	-	0.5
Other	0.2	0.2	-	-	-	-	0.2
<b>Impairment</b>	<b>824.7</b>	<b>1,006.1</b>	<b>-</b>	<b>89.9</b>	<b>-10.3</b>	<b>-</b>	<b>1,085.7</b>
<b>NET VALUE</b>	<b>10,368.8</b>	<b>10,633.8</b>	<b>247.3</b>	<b>1,227.6</b>	<b>-18.4</b>	<b>-1,602.2</b>	<b>10,488.1</b>

(1) The increase mainly concerns the purchase of Azzaro Beauté, Cosmeurop and Azzaro Beauté UK shares on 31 March 2020. The decrease mainly concerns the sale of Azzaro Beauté UK shares on 11 December 2020.

(2) Other movements mainly relate to the mergers of Cosmétique Active France and L'Oréal Produits de Luxe France on 1 January 2020, the universal transfer of the assets and liabilities of Azzaro Beauté on 3 August 2020, the merger of Azzaro Mugler Beauté on 1 November 2020 and the universal transfer of the assets and liabilities of Thierry Mugler on 3 November 2020 to L'Oréal.

(3) The allocation of technical merger losses are mainly from the Oomes merger, the Azzaro Mugler Beauté merger and the universal transfer of assets and liabilities of Azzaro Beauté and Thierry Mugler.

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	31.12.2020	31.12.2019	31.12.2018
L'Oréal shares	-	-	56.5
Financial instruments/Premiums paid on options	63.9	22.6	37.0
<b>Gross value</b>	<b>63.9</b>	<b>22.6</b>	<b>93.5</b>
L'Oréal shares	-	-	-
Financial instruments/Premiums paid on options	-	-	-
<b>Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET VALUE</b>	<b>63.9</b>	<b>22.6</b>	<b>93.5</b>

Throughout 2020, 835,600 free shares were granted.  
Since 31 December 2019, there are no longer any unclaimed treasury shares.

At the end of 2018, the total market value of treasury shares amounted to €157.5 million based on the average share price in December and to €155.2 million based on the closing share price on 31 December.

## NOTE 16. Maturity of receivables

€ millions	1 year or less	More than 1 year	Gross	Impairment	Net
<b>Loans and other receivables</b>	<b>35.8</b>	<b>3.1</b>	<b>38.9</b>	<b>-0.5</b>	<b>38.4</b>
<b>Other financial assets</b>	<b>4.6</b>	<b>-</b>	<b>4.6</b>	<b>-</b>	<b>4.6</b>
<b>Trade accounts receivable</b>	<b>696.4</b>	<b>-</b>	<b>696.4</b>	<b>-3.5</b>	<b>692.9</b>
<b>Other current assets, of which</b>	<b>491.6</b>	<b>-</b>	<b>491.6</b>	<b>-1.8</b>	<b>489.8</b>
Tax and employee-related receivables <sup>(1)</sup>	422.2	-	422.2	-	422.2
Other receivables	69.4	-	69.4	-1.8	67.6
<b>Prepaid expenses</b>	<b>87.7</b>	<b>-</b>	<b>87.7</b>	<b>-</b>	<b>87.7</b>

(1) Including a corporate income tax receivable in the amount of €117.9 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	31.12.2020	31.12.2019	31.12.2018
<b>Trade accounts receivable</b>	<b>1.2</b>	<b>1.5</b>	<b>2.3</b>
<b>Other receivables</b>	<b>19.1</b>	<b>14.1</b>	<b>56.4</b>
<b>TOTAL</b>	<b>20.3</b>	<b>15.6</b>	<b>58.7</b>

## 6. PARENT COMPANY FINANCIAL STATEMENTS

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### NOTE 17. Stock purchase or subscription options – Free shares

#### 17.1. Share subscription or purchase options

The table below sets out data concerning option plans in force at 31 December 2020:

Share grant date	Number of options	Number of options not yet exercised	Exercise period		Exercise price
			from	to	
22.04.2011	1,470,000	57,397	23.04.2016	22.04.2021	83.19

This plan has a five-year exercise period and had performance-related conditions for members of the Management Committee. All of the performance conditions of this plan have been definitively fulfilled.

#### 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				
17.04.2014		18.04.2018	1,068,565	994,815	-
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	-	745,621
17.04.2018		18.04.2022	931,000	-	892,150
18.04.2019		19.04.2023	843,075	-	830,600
14.10.2020		15.10.2024	713,660		713,660

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.

The performance conditions concern:

- For the 14 October 2020, 18 April 2019, 17 April 2018, 20 April 2017, and 20 April 2016 plans:
  - for 50% of shares granted, the increase in comparable Cosmetics net sales for the 2021, 2022 and 2023 financial years under the 2020 plan; for the 2020, 2021 and 2022 financial years under the 2019 plan; for the 2019, 2020 and 2021 financial years under the 2018 plan; and the 2018, 2019 and 2020 financial years under the 2017 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 2021, 2022 and 2023 financial years under the 2020 plan; in the 2020, 2021 and 2022 financial years under the 2019 plan; in the 2019, 2020 and 2021 financial years under the 2018 plan; and in the 2018, 2019 and 2020 financial years under the 2017 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 17 April 2014, 22 April 2015 and 20 April 2016 were finally granted by the allocation of, respectively, 993,765 shares on 18 April 2018, 706,262 shares on 23 April 2019 and 835,600 shares on 21 April 2020.

At 31 December 2020, the performance conditions were deemed achieved except for the 20 April 2017 plan for which the cost was reviewed based on a predefined scale according to the best estimate to date of the performance percentage achieved at the end of the plan.

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, for which the number of shares will be finalised 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 four shares offered for ten 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 ten 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.

In June 2018, 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 €162.52, 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 4 June to 18 June 2018 during which 423,916 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 4,514 in November 2018.

## NOTE 18. Provisions for liabilities and charges

€ millions	31.12.2018	31.12.2019	Charges	Reversals (used)	Reversals (not used)	Other	31.12.2020
Provisions for litigation <sup>(1)</sup>	195.2	192.9	1.2	-0.3	-1.2	0.4	193.0
Provisions for foreign exchange losses	44.9	52.0	24.9	-52.0	-	-	24.9
Provisions for expenses	98.4	112.7	118.6	-61.3	-8.8	8.2	169.4
Other provisions for liabilities <sup>(2)</sup>	177.5	252.9	213.4	-12.4	-70.2	19.6	403.3
<b>TOTAL</b>	<b>516.0</b>	<b>610.5</b>	<b>358.1</b>	<b>-126.0</b>	<b>-80.2</b>	<b>28.2</b>	<b>790.6</b>

(1) L'Oréal SA 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 should be handed down at the end of 2021. 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 2020 income statement as follows:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	107.5	-67.7	-20.9
Net financial income	49.8	-51.3	-1.0
Exceptional items	200.8	-7.0	-58.3
<b>TOTAL</b>	<b>358.1</b>	<b>-126.0</b>	<b>-80.2</b>

## NOTE 19. Borrowings and debt

L'Oréal obtains financing through medium-term bank loans and issues short-term marketable instruments in France. The amount of the programme is €5,000 million. 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 €5,363 million at 31 December 2020, compared to €3,801 million at 31 December 2019 and €3,644 million at 31 December 2018.

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

### BREAKDOWN BY TYPE OF DEBT

€ millions	31.12.2020	31.12.2019	31.12.2018
Bonds	-	-	-
Short-term marketable instruments	360.0	200.0	200.0
Bank overdrafts and financing with the Group's cash pool	-	-	-
Other borrowings and debt	9.3	7.5	9.6
<b>TOTAL</b>	<b>369.3</b>	<b>207.5</b>	<b>209.6</b>

### BREAKDOWN BY MATURITY DATE

€ millions	31.12.2020	31.12.2019	31.12.2018
Less than 1 year	361.7	200.9	200.7
1 to 5 years	7.6	6.6	7.8
More than 5 years	-	-	1.1
<b>TOTAL</b>	<b>369.3</b>	<b>207.5</b>	<b>209.6</b>

### 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 -0.31% in 2020, compared with -0.45% in 2019 and -0.45% in 2018.

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### NOTE 20. Maturity of payables

€ millions	1 year or less	More than 1 year	Total
<b>Trade accounts payable</b>	<b>829.8</b>	-	<b>829.8</b>
<b>Other current liabilities, of which</b>	<b>882.9</b>	<b>191.8</b>	<b>1,074.7</b>
Tax and employee-related payables	504.2		504.2
Payables related to non-current assets <sup>(1)</sup>	90.3	191.1	281.4
Other payables	288.4	0.7	289.1

(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	31.12.2020	31.12.2019	31.12.2018
<b>Trade accounts payable</b>	<b>482.0</b>	<b>369.3</b>	<b>419.3</b>
<b>Payables related to non-current assets</b>	<b>230.2</b>	<b>315.4</b>	<b>157.4</b>
<b>Tax and employee-related payables, of which</b>	<b>442.4</b>	<b>391.2</b>	<b>330.8</b>
Provision for employee Profit Sharing	28.5	45.5	22.9
Provision for incentives	122.1	103.6	94.9
<b>Other payables</b>	<b>179.6</b>	<b>64.6</b>	<b>85.1</b>
<b>TOTAL</b>	<b>1,334.2</b>	<b>1,140.5</b>	<b>992.6</b>

### 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		
	31.12.2020	31.12.2019	31.12.2018	31.12.2020	31.12.2019	31.12.2018
Financial receivables	-	-	-	-	-	-
Trade accounts receivable	1.0	0.7	0.2	0.2	-	0.1
Borrowings and debt	-	-	-	-	-	-
Trade accounts payable	-	-	-	0.2	-	0.1
Derivative financial instruments	44.8	59.6	54.8	44.8	9.9	17.2
<b>TOTAL</b>	<b>45.8</b>	<b>60.3</b>	<b>55.0</b>	<b>45.2</b>	<b>9.9</b>	<b>17.4</b>

The overall foreign exchange position, calculated on a currency-per-currency basis at 31 December 2020 is an unrealised loss of €24.9 million. This loss is recognised as a provision for risk. At 31 December 2019, the overall foreign exchange position was an unrealised loss of €52.0 million, compared with an unrealised loss of €44.9 million at 31 December 2018.



## NOTE 22. Derivative financial instruments

Derivative financial instruments can be broken down as follows:

€ millions	Notional			Market value		
	31.12.2020	31.12.2019	31.12.2018	31.12.2020	31.12.2019	31.12.2018
<b>Currency futures</b>						
<b>Purchase of EURO against foreign currencies</b>						
EUR/CNY	1,015.3	785.0	464.3	1.0	-8.9	-12.6
EUR/RUB	205.8	296.2	258.0	12.4	-15.7	5.8
EUR/USD	155.5	114.2	98.9	8.7	-5.2	-4.1
EUR/BRL	69.4	81.1	56.3	1.1	-0.1	-4.3
EUR/TRY	60.6	61.5	47.5	-0.5	-3.8	-7.7
EUR/TWD	55.5	48.1	41.5	3.6	-1.2	-0.6
EUR/KRW	54.2	57.8	65.5	-0.5	-1.2	-2.5
EUR/THB	45.0	45.1	45.8	0.8	-2.3	-1.9
EUR/GBP	36.5	36.6	44.9	0.0	-1.8	0.1
EUR/IDR	35.6	42.7	33.3	-0.6	-3.4	-3.1
EUR/ZAR	25.7	26.9	26.6	-2.3	-2.2	-0.6
EUR/INR	23.2	19.1	28.7	0.5	-0.7	-2.1
EUR/AUD	18.3	19.6	17.5	-0.8	-0.4	0.2
EUR/CAD	16.1	25.0	21.6	0.2	-0.8	0.4
EUR/DKK	14.8	4.3	3.8	0.0	0.0	0.0
EUR/PEN	8.1	10.4	7.2	0.7	-0.3	-0.1
EUR/CLP	8.1	9.7	9.5	-0.2	0.7	0.3
EUR/Other currencies	44.9	64.3	67.2	-0.2	-1.9	-2.0
<b>Sale of EUR against foreign currencies</b>						
EUR/PLN	32.2	37.8	30.9	-0.5	0.6	0.0
EUR/SGD	21.3	22.4	14.8	-0.4	0.3	0.3
EUR/HKD	16.5	9.7	7.2	-1.2	0.0	0.2
EUR/JPY	15.2	22.7	22.2	-0.6	-0.1	0.6
EUR/Other currencies	3.9		0.7	0.1		-0.1
<b>Purchase of USD against foreign currencies</b>						
USD/CNY	179.4	153.8	54.3	-11.2	-1.1	-1.0
USD/THB	33.9	34.4	40.6	-1.7	-1.4	-0.2
USD/BRL	26.6	56.4	29.0	-1.4	0.2	-0.8
USD/PHP	20.4	9.2	10.6	-0.5	-0.3	-0.3
USD/KRW	15.4	15.7	16.5	-1.3	-0.1	0.0
USD/TWD	13.1	15.1	14.8	-0.1	-0.3	0.2
USD/PEN	11.8	12.7	12.2	0.2	-0.2	0.2
USD/INR	6.3	7.9	16.8	-0.2	-0.2	-0.4
USD/Other currencies	10.5	21.4	30.0	-0.5	-1.6	-0.5
<b>Sale of USD against foreign currencies</b>						
USD/IDR	25.6	23.2	22.1	1.5	1.3	0.8
<b>Purchase of CNY against foreign currencies</b>						
CNY/INR	23.5	24.8	14.6	0.8	-0.7	-0.6
CNY/THB	21.1	27.8	17.1	0.3	-0.8	-0.2
CNY/IDR	18.9	32.4	27.3	-0.3	-2.1	-1.5
CNY/PHP	3.4	17.7	9.5	0.1	-0.7	-0.4
CNY/Other currencies	7.9	8.4	8.9	0.4	-0.2	0.0
<b>Other currencies pairs</b>						
JPY/CNY	48.9	45.2	29.0	-1.5	-1.0	0.1
KRW/CNY	44.5	11.5	0.0	0.6	0.0	0.0
PLN/RUB	10.6	7.9	10.4	0.3	-0.5	0.5
Other	27.5	30.8	29.1	-0.6	-0.8	-0.5
<b>Currency futures total</b>	<b>2,531.0</b>	<b>2,396.5</b>	<b>1,806.7</b>	<b>6.2</b>	<b>-58.9</b>	<b>-38.4</b>

## 6. PARENT COMPANY FINANCIAL STATEMENTS

Notes to the financial statements of L'Oréal SA

€ millions	Notional			Market value		
	31.12.2020	31.12.2019	31.12.2018	31.12.2020	31.12.2019	31.12.2018
<b>Currency options</b>						
EUR/CNY	101.1	63.5	100.9	3.6	1.7	2.3
EUR/RUB	62.2	0.0	0.0	7.4	0.0	0.0
EUR/BRL	26.0	9.9	35.4	2.1	0.8	1.8
USD/BRL	18.6	7.8	22.8	0.6	0.6	0.9
EUR/USD	13.6	15.7	0.0	1.1	0.3	0.0
EUR/TRY	9.4	19.7	31.5	1.5	1.3	4.1
Other currencies	0.0	3.0	0.0	0.0	0.0	0.0
<b>Currencies options total</b>	<b>230.9</b>	<b>119.6</b>	<b>190.6</b>	<b>16.3</b>	<b>4.7</b>	<b>9.1</b>
• of which total options purchased	230.9	119.6	190.6	16.3	4.7	9.1
• of which total options sold	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL INSTRUMENTS</b>	<b>2,761.9</b>	<b>2,516.1</b>	<b>1,997.3</b>	<b>22.5</b>	<b>-54.2</b>	<b>-29.3</b>

### 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 €84.7 million due in less than one year, €265.3 million due between one and five years and €39.1 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	31.12.2020	31.12.2019	31.12.2018
Commitments in connection with employee retirement obligations and related benefits <sup>(1)</sup>	499.4	246.1	9.0
Commitments to buy out non-controlling interests	8.5	9.9	9.3
Guarantees given <sup>(2)</sup>	4,235.6	1,865.6	1,799.4
Guarantees received	3.3	3.7	3.7
Capital expenditure orders	74.2	95.1	77.3
Documentary credits	-	-	-

(1) The discount rate used in 2020 to measure commitments was 0.30% for plans providing for the payment of capital and 0.60% for annuity plans, compared with 0.70% and 1.10% respectively in 2019, and 1.75% and 2.0% in 2018.

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 €4,100.5 million at 31 December 2020 on behalf of the Group's direct and indirect subsidiaries, compared with €1,798.5 million at 31 December 2019 and €1,774.8 million at 31 December 2018. 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 earnings, financial position, assets or operations of the Company.

**NOTE 25. Changes in working capital**

Changes in working capital can be broken down as follows:

<i>€ millions</i>	31.12.2020	31.12.2019	31.12.2018
Inventories	-11.9	6.5	-11.2
Accounts Receivable	79.7	-15.7	87.6
Accounts Payable	117.2	-221.8	5.4
<b>TOTAL</b>	<b>185.0</b>	<b>-231.0</b>	<b>81.8</b>

**NOTE 26. Changes in other financial assets**

This line primarily includes cash flows relating to financial instruments, classified as Marketable Securities, and cash flows associated with collateral posted with the Group's bank, classified as Financial assets. The deposit was reimbursed at end-2018 due to the merger of the Group's bank at 31 December 2018 into the Company running the Group's treasury operations.

**NOTE 27. Cash and cash equivalents at the end of the year**

Cash and cash equivalents can be broken down as follows:

<i>€ millions</i>	31.12.2020	31.12.2019	31.12.2018
Cash	3,791.3	2,463.5	1,496.9
Accrued interest receivable	-	-	-
Bank overdrafts and financing with the Group's cash pool (see note 19)	-	-	-
Accrued interest payable	-1	-0.2	-0.3
<b>NET CASH AND CASH EQUIVALENTS</b>	<b>3,790.3</b>	<b>2,463.3</b>	<b>1,496.6</b>

**NOTE 28. Other information**

Statutory audit fees are presented in note 15 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.

## 6. PARENT COMPANY FINANCIAL STATEMENTS

Notes to the financial statements of L'Oréal SA

### NOTE 30. Table of subsidiaries and holdings

#### DETAILED INFORMATION

	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 <sup>(1)</sup> booked during the year
					Gross	Net		
<b>A. MAIN FRENCH SUBSIDIARIES (Holdings of over 50%)</b>								
Azzaro Mugler Beauté France	78,723	2,106	100.00	78,723	78,723	78,723	(343)	0
Beauté, Recherche & Industries	1,069	14,449	100.00	9,495	9,495	9,495	7,483	5,080
Cosmétique Active International	19	13,947	88.97	15,100	15,100	15,100	64,061	147,956
Cosmétique Active Production	186	20,572	80.13	5,049	5,081	5,081	6,263	3,777
Cosmeurop	7,589	27,343	100.00	65,807	65,807	12,407	(1,799)	0
EpiSkin	13,609	9,920	99.92	17,999	17,999	17,999	539	0
Fapagau & Cie	15	4,063	79.00	12	12	12	9,705	5,927
Faporeal	11,944	5,246	100.00	11,953	11,953	11,953	4,500	3,092
Finval	19,516	142,683	100.00	75,677	75,677	75,677	58,696	28,003
Gemey Paris - Maybelline New York	35	8,292	99.96	46	46	46	3,165	3,581
Holdial	1	0	98.00	1	1	1	1,198	1,571
L & J Ré	1,500	10,481	100.00	1,500	1,500	1,500	4,037	0
La Roche-Posay Laboratoire Pharmaceutique	380	4,437	99.98	27,579	27,579	27,579	36,022	225,456
Noveal	1,958	9,666	100.00	19,955	21,501	21,501	4,073	3,853
Nutricos Technologies	535	204	50.00	38,125	38,125	0	(132)	0
Laboratoire Sanoflore	10	1,093	100.00	5,197	5,197	1,697	856	710
L'Oréal Fund For Nature Regeneration	7,500	0	100.00	7,500	7,500	7,500	0	0
L'Oréal Produits de Luxe International	98	75,745	99.85	75,350	75,350	75,350	(18,392)	29,929
LOA3	90,402	(36,077)	100.00	90,400	90,400	53,351	(316)	0
BOLD (Business Opportunities for L'Oréal Development)	37,253	19,585	100.00	63,603	63,603	63,603	(4,452)	0
LOA7	838	293	100.00	1,129	1,129	1,129	(5,433)	0
Real Campus by L'Oréal	7,205	(1,396)	100.00	7,205	7,205	7,205	(1,419)	0
LOA10	5	0	100.00	5	5	5	(4)	0
Retail Excellence 4	508	402	100.00	825	825	825	882	645
Prestige & Collections International	78	7,465	99.81	98,364	98,364	98,364	330,511	417,567
Magic Holdings International Limited	10,197	79,360	100.00	615,198	615,198	226,398	(675)	0
Sicôs & Cie	375	9,463	100.00	386	1,076	1,076	12,704	10,233
Soprococ	8,250	10,218	100.00	8,521	11,904	11,904	9,192	8,719
Soproréal	15	1,676	99.90	15	15	15	2,439	0
Sparlys	5,477	2,309	100.00	8,553	8,553	8,553	2,885	2,743
Thermes De Saint Gervais Les Bains Le Fayet	1,047	6,475	100.00	22,942	22,942	22,942	(1,753)	0
<b>B. MAIN FRENCH INVESTMENTS (Holdings of under 50%)</b>								
Sanofi <sup>(2)</sup>	2,517,943		9.39	423,887	423,887	423,887		372,416

(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 2020, L'Oréal owned 118,227,307 shares. Their market value at 31 December 2020 amounted to €9,304,489 thousand.

## PARENT COMPANY FINANCIAL STATEMENTS

Notes to the financial statements of L'Oréal SA

	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 <sup>(1)</sup> booked during the year
					Gross	Net		
<b>A. MAIN FOREIGN SUBSIDIARIES (Holdings of over 50%)</b>								
Atelier Cologne (Luxembourg)	1,210	15,093	100.00	106,978	106,978	14,625	(1,717)	0
Beautycos International Co. Ltd (China)	52,482	26,303	73.46	46,195	46,195	46,195	18,732	9,548
Beautylux International Cosmetics (Shanghai) Co.Ltd (China)	5,629	(384)	100.00	16,871	16,871	4,871	4	0
Biotherm (Monaco)	152	16	99.80	3,505	3,545	3,545	7,187	7,369
Canan Kozmetik Sanayi Ve Ticaret A.S. (Turkey)	6,451	2,802	100.00	30,290	30,290	21,290	2,521	247
Cosmelor Ltd (Japan)	548	17,632	100.00	35,810	35,810	24,810	5,027	0
Cosmephil Holdings Corporation (Philippines)	171	(127)	100.00	400	400	14	5	0
Egypteloc LLC (Egypt)	6	438	99.80	7	7	7	120	0
Elebelle (Proprietary) Ltd (South Africa)	806	25,236	100.00	61,123	61,123	23,123	0	0
ERWITON S.A. (Uruguay)	147	(268)	100.00	3	3	3	9,706	6,832
Interbeauty Cosmetics Ltd (Israel)	4,137	15,452	92.97	38,497	38,497	38,497	10,054	8,963
Kosmepol Sp. z.o.o. (Poland)	38,844	55,879	99.73	48,965	48,965	48,965	4,186	2,472
L'Oréal Adria d.o.o. (Croatia)	131	2,157	100.00	1,503	1,503	1,503	6,965	0
L'Oréal Argentina SA (Argentina)	70,801	(22,970)	96.19	161,555	161,555	39,655	13,725	0
L'Oréal Australia Pty Ltd	2,711	14,010	100.00	33,516	33,867	33,867	51,830	41,094
L'Oréal Balkan d.o.o. (Serbia)	1,283	198	100.00	1,285	1,285	1,285	2,573	1,712
L'Oréal Baltic SIA (Lithuania)	387	29	100.00	529	529	529	2,834	4,285
L'Oréal Bangladesh Ltd (Bangladesh)	154	(1,477)	100.00	154	154	154	(712)	0
L'Oréal Brasil	315,720	(143,612)	90.82	287,835	287,835	287,835	1,874	4,410
L'Oréal Belgilux S.A. (Belgium)	16,124	17,288	98.93	59,871	77,150	77,150	20,385	30,395
L'Oréal Brasil Pesquisas e Inovacao Ltda	45,887	(16,864)	99.99	45,654	45,654	45,654	795	0
L'Oréal Bulgaria EOOD	102	639	100.00	102	102	102	1,997	4,040
L'Oréal Canada Inc.	3,979	59,629	100.00	146,517	146,517	146,517	59,929	51,536
L'Oréal Central America (Panama)	8	(442)	100.00	8	8	8	17	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	2,057	100.00	4,983	4,983	4,983	20,638	3,384
L'Oréal Chile S.A. (Chile)	6,173	2,024	100.00	43,784	43,784	43,784	21,454	21,124
L'Oréal China Co Ltd (China)	43,498	80,223	100.00	345,733	345,733	345,733	636,947	416,235
L'Oréal Colombia S.A. (Colombia)	11,658	41,126	100.00	80,419	80,419	61,419	(5,044)	3,079
L'Oréal Cosmetics Industry S.A.E (Egypt)	58,382	(37,674)	100.00	58,363	58,363	23,363	3,196	0
L'Oréal Côte d'Ivoire	99	(1,396)	100.00	599	599	0	(3,218)	0
L'Oréal Danmark A/S (Denmark)	270	2,432	100.00	7,929	8,336	8,336	33,560	14,977
L'Oréal Deutschland GmbH (Germany)	12,647	290,227	100.00	72,259	76,855	76,855	235,859	143,428
L'Oréal East Africa Ltd (Kenya)	301	16,210	99.93	46,850	46,850	6,950	(7,374)	0
L'Oréal Ecuador (Ecuador)	9	(1)	99.99	9	9	9	0	0
L'Oréal Espana S.A. (Spain) <sup>(3)</sup>	59,911	20,348	100.00	361,454	361,454	361,454	51,404	42,462
L'Oréal Finland Oy (Finland)	673	40	100.00	1,280	1,280	1,280	3,027	5,474
L'Oréal Guatemala S.A.	1,044	977	100.00	2,162	2,162	2,162	163	1,659
L'Oréal Hellas S.A. (Greece)	9,736	3,925	100.00	34,821	35,307	35,307	12,820	16,472
L'Oréal Hong-Kong Ltd	(77)	10,364	99.97	24,276	24,276	24,276	(34,920)	607,599
L'Oréal India Private Ltd (India)	48,691	(24,069)	100.00	75,987	75,987	75,987	24,549	39,492
L'Oréal Investments B.V. (The Netherlands)	18	(1)	100.00	18	18	18	0	0
L'Oréal Italia Spa	1,680	48,396	100.00	226,469	226,469	226,469	25,423	24,709

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Notes to the financial statements of L'Oréal SA

	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 <sup>(1)</sup> booked during the year
					Gross	Net		
L'Oréal Kazakhstan Llp (Kazakhstan)	422	460	100.00	422	422	422	503	1,168
L'Oréal Korea Ltd (South Korea)	1,991	12,041	100.00	20,794	20,794	20,794	10,472	0
L'Oréal Liban SAL	(428)	2,610	100.00	4,136	4,136	4,136	3,829	0
L'Oréal Magyarország Kosmetikai Kft (Hungary)	428	(138)	100.00	787	787	787	2,916	5,382
L'Oréal Malaysia SDN BHD (Malaysia)	3,268	7,427	100.00	6,762	6,762	6,762	(2,225)	18,212
L'Oréal Mexico S.A de C.V (Mexico)	2,349	88,272	100.00	8,443	8,443	8,443	11,260	10,606
L'Oréal Middle East (United Arab Emirates)	7,761	6,771	100.00	54,379	54,379	44,379	(1,601)	41,113
L'Oréal Nederland B.V. (The Netherlands)	1,178	(75)	100.00	18,869	22,014	22,014	23,137	27,993
L'Oréal New Zealand Ltd (New Zealand)	44	2,548	100.00	6,110	6,110	6,110	7,901	6,002
L'Oréal Norge A/S (Norway)	1,384	1,475	100.00	4,050	4,050	4,050	6,832	3,634
L'Oréal Österreich Gmbh (Austria)	2,915	1,974	100.00	3,417	3,818	3,818	6,915	11,157
L'Oréal Pakistan Private Ltd	17,313	(25,908)	100.00	17,534	17,534	0	(4,937)	0
L'Oréal Panama S.A.	159	235	100.00	168	168	168	(590)	0
L'Oréal Peru S.A.(Peru)	2,322	272	100.00	3,739	3,739	3,739	622	3,146
L'Oréal Philippines Inc.	3,696	12,303	99.53	39,107	39,107	16,107	(9,816)	0
L'Oréal Polska Sp. Z.O.O. (Poland)	405	(317)	100.00	707	707	707	39,331	32,543
L'Oréal Portugal Lda	495	392	100.00	6,289	6,459	6,459	11,106	14,514
L'Oréal Romania SRL (Romania)	799	5	100.00	974	974	974	10,705	10,504
L'Oréal Saudi Arabia (Saudi Arabia)	5,682	1,078	74.63	4,260	4,260	4,260	3,888	788
L'Oréal Singapore Pte Ltd (Singapore)	1,165	8,186	100.00	18,991	18,991	18,991	5,478	5,708
L'Oréal Slovensko s.r.o. (Slovakia)	98	612	100.00	173	173	173	2,311	2,828
L'Oréal Suisse S.A.	346	12,159	100.00	160,173	160,311	160,311	24,896	23,668
L'Oréal Sverige AB (Sweden)	2,038	288	100.00	2,247	2,247	2,247	5,651	12,544
L'Oréal Taiwan Co Ltd (Taiwan)	187	(2,081)	100.00	17,881	17,881	17,881	34,794	29,228
L'Oréal Thailand Ltd	3,992	1,473	100.00	5,238	5,238	5,238	19,763	39,282
L'Oréal Türkiye Kozmetik Sanayi Ve Ticaret Anonim Şirketi	39,142	(15,808)	100.00	55,093	55,093	40,093	(557)	2,626
L'OREAL UAE General Trading LLC (United Arab Emirates)	11,945	4,379	100.00	18,704	18,704	18,704	4,414	4,877
L'Oréal UK Ltd (United Kingdom)	121,150	(38,613)	100.00	139,351	145,573	145,573	125,679	123,482
L'Oréal Ukraine	3,033	(2,746)	100.00	2,990	2,990	2,990	13,764	12,319
L'Oréal Uruguay S.A.	244	2,394	100.00	2,718	2,718	2,718	1,488	3,096
L'Oréal USA Inc. <sup>(4)</sup>	647,731	3,272,972	100.00	4,851,879	4,851,879	4,851,879	676,862	637,777
L'Oréal Venezuela C.A.	0	(0)	100.00	26,953	26,953	0	(10)	0
L'Oréal Vietnam Co Ltd	13,537	(13,253)	100.00	13,646	13,646	5,646	3,206	0
L'Oréal West Africa Ltd (Ghana)	14,469	(17,020)	100.00	17,260	17,260	0	(3,102)	0
Masrelor LLC (Egypt)	17,686	(10,238)	100.00	17,573	17,573	2,073	(15)	0
Nanda CO Ltd. (Korea)	(705)	42,844	100.00	530,342	530,342	530,342	26,419	27,879
Nihon L'Oréal KK (Japan)	(17,697)	155,306	100.00	351,452	351,504	351,504	527	18,015
L'Oréal Travel Retail Americas Inc. (USA)	40	(3,706)	100.00	100,317	100,317	100,317	(3,285)	19,434
Pracosa Produtos de Beleza Ltda (Brazil)	154,665	(30,604)	100.00	223,938	223,938	223,938	3,031	445
P.T. L'Oréal Indonesia	1,510	5,407	99.00	2,305	2,305	2,305	112	6,329
P.T. Yasulor Indonesia	73,931	(4,769)	99.99	110,022	110,022	79,022	2,663	0
Scental Limited (Hong-Kong)	5	180	100.00	8	8	8	0	0
Venprobel (Venezuela)	0	0	100.00	2,722	2,722	0	0	0

	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 <sup>(1)</sup> booked during the year
					Gross	Net		
<b>B. MAIN FOREIGN INVESTMENTS (Holdings of under 50%)</b>								
LIPP Distribution (Tunisia)	3,561	3,198	49.00	9,009	9,009	9,009	1,235	278

(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.

(2) It is specified that the list above is not exclusive.

(3) Dividends including the amount received by Oomes, merged into L'Oréal SA in 2020.

(4) Data from the sub-consolidation of subsidiary L'OREAL USA INC

## GLOBAL INFORMATION RELATING TO SUBSIDIARIES AND INVESTMENTS

	Subsidiaries		Other investments	
	French	Foreign	French	Foreign
Book value of shares held:				
• Gross (after revaluation)	1,377,882	9,420,178	433,887	27,714
• Net	857,008	8,856,071	443,887	27,714
Amount of loans and advances granted		32,601		
Amount of guarantees and security granted	7,122	4,093,339		
Amount of dividends booked	898,876	2,664,418	372,416	5,156

## 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	€3.0 million
Corresponding tax	€1.0 million

## 6. PARENT COMPANY FINANCIAL STATEMENTS

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

### 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. 441-6 of the French Commercial Code, invoices issued and received not paid at 31 December 2020 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 and more	Total (1 day and more) <sup>(1)</sup>	0 days (indicative)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
<b>A. Late payment franchises</b>												
Number of invoices concerned	47					709	6,214					34,539
Total amount of invoices concerned, including taxes	130,336	-3,787,375	-2,400,104	-81,935	174,274	-6,095,141	4,690,993	24,485,688	8,653,006	4,121,245	28,810,779	66,070,718
Percentage of total amount of purchases (including taxes) for the financial year	0.00	-0.10	-0.06	0.00	0.00	-0.16						
Percentage of sales (including taxes) for the financial year							0.08	0.41	0.15	0.07	0.49	1.12
<b>B. Invoices excluded from A. because of disputed or unrecognised payables and receivables</b>												
Number of excluded invoices	3,059						789					
Total amount of excluded invoices	13,737,440						5,012,692					
<b>C. Benchmark payment terms used (contractual or statutory term, Article L. 441-6 or L. 443-1 of the French Commercial Code)</b>												
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						Contractual payment terms: 45 days from end of month Statutory payment terms: 45 days from end of month					

(1) Including invoices due to L'Oréal Group companies (intra-group): €(6,604,850) in invoices received (assets), €35,641,032 in invoices issued, i.e. 54% of the total amount.

### 6.6.3. Sales (excluding taxes)

Sales € millions	2020	2019	% change
1 <sup>st</sup> quarter	1,268.9	1,074.3	18.11%
2 <sup>nd</sup> quarter	1,147.7	1,034.9	10.90%
3 <sup>rd</sup> quarter	1,179.5	992.4	18.85%
4 <sup>th</sup> quarter	1,241.7	1,029.4	20.62%
<b>TOTAL</b>	<b>4,837.8</b>	<b>4,131.0</b>	<b>17.11%</b>

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 €)	2016	2017	2018	2019	2020
<b>I. Financial situation at financial year-end</b>					
a) Share capital	112.4	112.1	112.1	111.6	112.0
b) Number of shares	561,855,741	560,519,088	560,396,652	558,117,205	559,871,580 <sup>(1)</sup>
c) Number of convertible bonds					
<b>II. Overall results of operations</b>					
a) Net pre-tax sales	3,053.1	3,613.5	3,888.4	4,131.0	4,837.8
b) Pre-tax profit before depreciation, amortisation, provisions and reversals of provisions (including provision for investment activities and profit-sharing reserve)	3,158.0	2,917.8	4,017.1	4,658.7	4,570.7
c) Income tax	+113.1	+166.0	+6.9	-82.7	-22.8
d) Net profit	3,014.4	3,051.7	3,594.9	4,105.8	4,158.8
e) Amount of distributed profits	1,857.7	2,006.6	2,176.7	2,172.6	2,261.7 <sup>(2)</sup>
<b>III. Results of operations per share</b>					
a) Profit after tax and profit-sharing, but before depreciation, amortisation and provisions	5.79	5.47	7.14	8.12	8.07
b) Net profit	5.36	5.44	6.41	7.36	7.43
c) Dividend paid on each share (not including tax credit)	3.30	3.55	3.85	3.85	4.00 <sup>(2)</sup>
<b>IV. Personnel</b>					
a) Number of employees	6,653	7,060	7,510	7,692	8,900
b) Total salaries	569.8	612.2	667.4	692.3	804.6
c) Amount paid for welfare benefits (social security, provident schemes, etc.)	257.2	286.4	312.0	346.2	408.6

(1) The share capital comprises 559,871,580 shares with a par value of €0.2 following the subscription of 465,796 shares through the exercise of options, the issue of 452,979 shares under the employee shareholding plan and the grant of 835,600 free shares.

(2) The dividend will be proposed to the Annual General Meeting of 20 April 2021.

## 6. PARENT COMPANY FINANCIAL STATEMENTS

Investments (main changes including shareholding threshold changes)

### 6.8. INVESTMENTS (MAIN CHANGES INCLUDING SHAREHOLDING THRESHOLD CHANGES)

#### INVESTMENTS

(Main changes including shareholding threshold changes >5%)

€ millions	At 31.12.2019 Including revaluation		Acquisitions		Subscriptions		Other		At 31.12.2020	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Azzaro Beauty	0.0	-	1,263.2				-1,263.2	(1)	0.0	-
Azzaro Mugler Beauté France	0.0	-					78.7	(1)	78.7	100.0
Azzaro Mugler Beauté UK Limited	0.0	-	18.4				-18.4	(2)	0.0	-
Cosmeurop	0.0	-	65.8						65.8	100.0
Cosmétique Active France	300.6	100.0					-300.6	(1)	0.0	-
Bold	28.6	100.0			35.0				63.6	100.0
LOA7	n/s	100.0			n/s		1.1	(1)	1.1	100.0
LOA10	0.0	-			n/s				n/s	100.0
Real Campus by L'Oréal	2.7	100.0			4.5				7.2	100.0
L'Oréal Slovenija	0.9	100.0					-0.9	(3)	0.0	-
Nanda CO	629.9	100.0					-99.5	(4)	530.4	100.0
L'Oréal Fund For Nature Regeneration	0.0	-			7.5				7.5	100.0
L'Oréal España	299.2	63.9					62.3	(1)	361.5	100.0
Oomes BV	144.3	100.0					-144.3	(1)	0.0	-
L'Oréal Côte d'Ivoire	0.1	100.0					0.5		0.6	100.0
L'Oréal East Africa	42.0	99.9					4.8		46.8	99.9
L'Oréal Produits de Luxe France	57.2	100.0					-57.2	(1)	0.0	-
L'Oréal Argentina	148.6	95.0					13.0		161.6	96.2
Prestige & Collections International	92.7	99.8					5.7	(1)	98.4	99.8
L'Oréal UAE General Trading LLC	n/s	49.0					18.7		18.7	100.0
Retail Excellence 4	0.0	-					0.8	(1)	0.8	100.0

(1) Complete transfer of assets and liabilities/merger.

(2) Sale.

(3) Liquidation.

(4) Capital reduction.