L'ORÉAL

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2023

Contents

L'ORÉAL

Half-year Financial Report

at 30 June 2023

This is a free translation into English of the L´Oréal 2023 Half-year Financial Report issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy the French version prevails.

Half-year situation at 30 June 2023

The following statements have been examined by the Board of Directors of 27 July 2023 and have been the object of a limited review by the Statutory Auditors.

1 Activity Report

It should be noted that L'Oréal's half-year results are not representative of the full-year results.

1.1. THE GROUP CONSOLIDATED

Like-for-like[1], i.e. based on a comparable scope of consolidation and constant exchange rates, sales of the L'Oréal group grew by +13.3%.

The net impact of changes in the scope of consolidation was +1.1%.

Growth at constant exchange rates came out at +14.4%.

Currency fluctuations had a negative impact of -2.4%. If the exchange rates at 30 June 2023, i.e. €1 = $1.092, are extrapolated until 31 December, the impact of currency fluctuations on sales would be around -4.9% for the whole of 2023.

Based on reported figures, the Group's sales at 30 June 2023 amounted to 20.57 billion euros, an increase of +12.0%.

1.1.1. Consolidated income statements

Gross profit, at 15,282.6 million euros, came out at 74.3% of sales compared with 73.1% in the first half of 2022, an increase of 120 basis points.

Research & Innovation expenses, at 622.8 million euros, came out at 3.0% of sales.

Advertising and promotion expenses, at 6,682.6 million euros, came out at 32.5% of sales, an increase of 100 basis points.

Selling, general and administrative expenses, at 18.1% of sales, decreased by 20 basis points.

Overall, **operating profit** increased by +13.7% to 4,258.8 million euros and amounted to 20.7% of sales, an increase of 30 basis points compared with the first half of 2022.

Sanofi dividends amounted to 420.9 million euros.

Income tax excluding non-recurring items came out at 1,013.2 million euros, i.e. a tax rate of 21.9%.

Net profit excluding non-recurring items after non-controlling interests[2] came out at 3,616.6 million euros.

Earnings per share, at 6.73 euros, increased by +11.2% compared with the first half of 2022.

1.1.2. Cash flow statements / balance sheet

Gross cash flow amounted to 4,378 million euros, an increase of 14.5%.

The **change in working capital** amounted to -1,556 million euros.

Investments, at 724 million euros, represented 3.5% of sales.

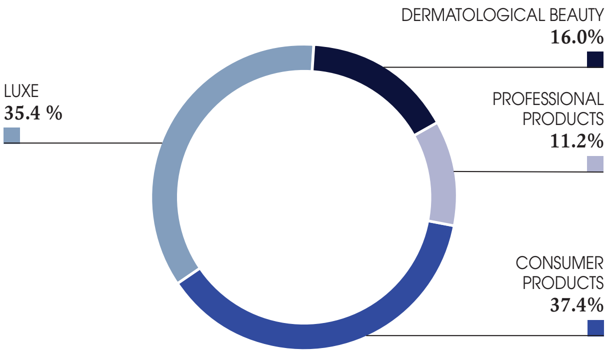
Operating cash flow [3] amounted to 2,097 million euros, an increase of 56.9%.

At 30 June 2023, after taking into account finance lease liabilities for 1,567 million euros, **net debt** amounted to 4,822 million euros.

(1) Like-for-like : based on a comparable structure and identical exchange rates.
(2) Net profit excluding non-recurring items, after non-controlling interests, excludes mostly capital gains and losses on disposals of long-term assets, impairment of assets, restructuring costs, tax effects and non-controlling interests.
(3) Operating cash flow = Gross cash flow + changes in working capital - capital expenditure.

1.2. SEGMENT INFORMATION

1.2.1. Turnover by Division



In the first half of the year, the Professional Products Division reported continued growth of +7.6% like-for-like and +6.9% reported.

The Division outperformed the market with remarkable growth in mainland China and India, as well as the United Kingdom. It continued to grow in all distribution channels: in salons, in its *SalonCentric* network (in North America), in e-commerce and in the selective channel.

Growth in the dynamic haircare market was driven by *Kérastase,* with an excellent start for the *Symbiose* anti-dandruff range, and by *L'Oréal Professionnel,* with the success of *Metal Detox*. The Division performed well in hair colour, thanks to its iconic lines *Shades EQ* by *Redken* and *Inoa* by *L'Oréal Professionnel.*

As the industry leader, the Division continued to pursue the rollout of its "Hairstylists for the Future" programme, supporting all partner hairstylists in their green transition.

The Consumer Products Division achieved its best half-year on record, growing +15.0% like-for-like and +13.1% reported.

Driven by both volume and value, the Division increased its sales by around one billion euros to achieve this record performance. The Division significantly outperformed the dynamic mass market; of particular note were the exceptional performances in Europe and in the high-potential emerging markets of Mexico, Brazil, and India.

Each of the large brands grew in double-digits. All four categories advanced strongly, powered by flawless execution, best-in-class retailer partnerships, and disruptive innovations. Makeup was the most dynamic, boosted by the newly launched *Falsies Surreal Mascara* by *Maybelline New York, Telescopic Lift Mascara* by *L'Oréal Paris* and *Fat Oil Gloss* by *NYX Professional Makeup*. Haircare benefitted from the Division's premiumisation strategy, especially with the highly successful launch of *Elvive Bond Repair*. In hair colour, *Good* by *Garnier* was off to a very promising start. Skincare recorded double digit growth thanks to *L'Oréal Paris'* new *Revitalift Clinical Vitamin C SPF50+* fluid and *Garnier's* new *AHA BHA* anti-acne line.

L'Oréal Luxe has accelerated quarter after quarter, posting first-half growth of +7.6% like-for-like and +6.1% reported.

L'Oréal Luxe reported strong growth in the first six months, driven by double-digit increases in Europe, North America and emerging markets. In mainland China, L'Oréal Luxe saw a remarkable recovery during the second quarter with double-digit growth in sales and achieved another record market share.

The Division outperformed the luxury fragrance market, with double-digit growth across all Regions, spurred by standout performances from couture brands including *Yves Saint Laurent, Prada and Valentino*. In skincare, L'Oréal Luxe continued to make progress thanks to the spectacular success of *Helena Rubinstein* and the recovery of *Lancôme* in North America, along with the success of *Takami* in Japan and more recently in mainland China. Makeup also grew, buoyed by the success of *Yves Saint Laurent* and encouraging performances from specialist brands *Urban Decay* and *Shu Uemura*.

The *Aesop* brand will be integrated in the second half once the necessary regulatory approvals have been obtained.

The Dermatological Beauty[(1)] Division reported outstanding growth of +29.0% like-for-like and +29.5% reported.

In the first half, the Division delivered another remarkable performance, growing well ahead of the highly dynamic dermocosmetics market with a strong contribution from volume and value. This was driven by its portfolio of highly complementary brands – coupled with the continued pursuit of medical and prescription leadership. The Division posted outstanding progress in all regions with particularly impressive performances in emerging markets and Europe; in mainland China, where the market continued to gradually recover, it outperformed significantly.

All global brands advanced in double digits: *La Roche-Posay*, the Division's number one growth contributor maintained its strong momentum, driven by *Effaclar*, *Cicaplast* and *UVmune 400*. *CeraVe* remained extremely dynamic in North America and accelerated strongly in the rest of the world. *Vichy* was spurred by the success of *Dercos* and solid momentum in suncare. *SkinCeuticals* continued to progress and the newly acquired *SkinBetter Science* was off to a very promising start.

(1) Formerly known as the Active Cosmetics Division.

1.2.2. Operating profit by Division

	30.06.2022		31.12.2022		30.06.2023	
	€ millions	% of sales	€ millions	% of sales	€ millions	% of sales
By Division						
Professional Products	458.7	21.2%	953.6	21.3%	490.1	21.2%
Consumer Products	1,359.8	20.0%	2,774.9	19.8%	1,617.4	21.0%
Luxe	1,647.8	24.0%	3,350.4	22.9%	1,687.9	23.2%
Dermatological Beauty	703.5	27.7%	1,303.0	25.4%	933.9	28.4%
Total Divisions before non-allocated	**4,169.9**	**22.7%**	**8,381.9**	**21.9%**	**4,729.3**	**23.0%**
Non-allocated[1]	*-424.4*	*-2.3%*	*-925.1*	*-2.4%*	*-470.5*	*-2.3%*
GROUP	**3,745.5**	**20.4%**	**7,456.9**	**19.5%**	**4,258.8**	**20.7%**

(1) Non-allocated expenses = Central Group expenses, fundamental research expenses, free grant of shares expenses and miscellaneous items.

The L'Oréal group is managed on an annual basis. This means that half-year operating profits cannot be extrapolated for the whole year.

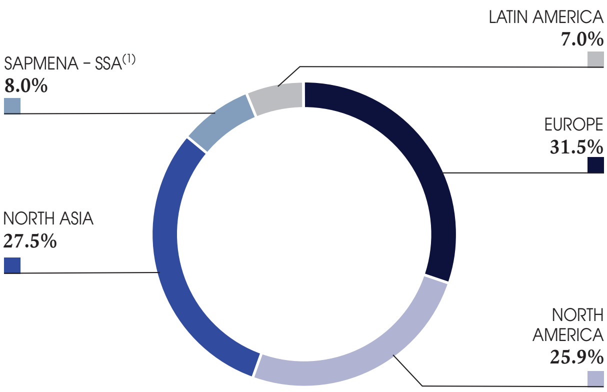
The profitability of the **Professional Products Division** came out at 21.2%, in line with the first half of 2022.

The profitability of the **Consumer Products Division** increased from 20.0% to 21.0%.

The profitability of **Luxe** decreased by 80 basis points, to 23.2%.

The profitability of the **Dermatological Beauty Division** improved by 70 basis points to 28.4%.

1.2.3. Sales by geographic zone



(1) SAPMENA – SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.

Europe posted outstanding growth of +18.2% like-for-like and +16.6% reported.

L'Oréal outperformed a dynamic beauty market, with remarkable performances in key countries such as the Germany-Austria-Switzerland cluster, France, and the United Kingdom, as well as in dynamic countries like Poland, Turkey and the Nordics. In e-commerce, growth accelerated significantly in the second quarter.

Growth was fuelled by a sound contribution from value and an increase in volume, demonstrating the attractiveness of L'Oréal's brand portfolio among European consumers.

In the Consumer Products Division, momentum was outstanding for all major brands and in all categories, led by makeup and skincare. The Dermatological Beauty Division continued to post very strong growth and significantly outperformed the market, driven by *La Roche-Posay* and *CeraVe*, both of which continued to achieve spectacular performances. L'Oréal Luxe strengthened its leadership in fragrances, the largest segment in the European selective beauty market, driven by the ongoing success of *Paradoxe* by *Prada* and *Libre* by *Yves Saint Laurent*. The Professional Products Division continued to make gains in the strategic premium haircare segment.

In the first six months, growth in North America amounted to +13.0% like-for-like and +14.7% reported.

Growth was broad-based across all the Divisions and driven by a strong contribution from both price and mix.

In the US, the Consumer Products Division advanced in double digits, outperforming the market in haircare and skincare; momentum remained strong in makeup, led by innovations across all key brands.

L'Oréal Luxe continued to outperform the market in fragrances, driven by couture brands including *Valentino* and *Prada*; in makeup, *Yves Saint Laurent* and *Armani* grew in double digits, driven by recent launches. Growth in e-commerce remained dynamic with strong momentum on Amazon, where the introduction of new brands, including *Lancôme*, is redefining luxury beauty on the platform.

The Professional Products Division outpaced the market, notably in haircare, driven by the ongoing success of *Redken* and *Kérastase*.

L'Oréal Dermatological Beauty maintained its tremendous growth, significantly outperforming the market, thanks to the continued success of *CeraVe* and the outstanding momentum of *La Roche-Posay*, the Division's fastest growing brand.

North Asia grew +3.9% like-for-like and +0.6% reported.

The beauty market in mainland China continued its progressive recovery in the second quarter, driven by a strong rebound in both offline and online channels. Against that backdrop, L'Oréal significantly outperformed the market and achieved strong growth across all channels and Divisions during this period. This was fuelled by the introduction of new brands like *Valentino*, *Prada* and *Takami*; a well-filled innovation pipeline; as well as the gradual expansion into new cities. During the 6.18 shopping festival, eight of the Group's brands across all four Divisions were in the Top-20; *L'Oréal Paris* and *Lancôme* ranked first and second, respectively, cumulative across all platforms and categories.

By category, the Region's growth in the first half was driven by haircare, notably *Kérastase* and *L'Oréal Professionnel*; skincare, including *Helena Rubinstein*, *SkinCeuticals* and *Takami*; and fragrance with *Maison Margiela* and the *Prada* and *Valentino* launches. After a challenging start to the year, makeup recovered significantly in the second quarter, driven by both mass and selective brands.

Growth remained strong in Hong Kong SAR, which benefited from the pick-up in travel from mainland China. In Japan, L'Oréal outperformed the market thanks to significant momentum in Consumer Products, notably with *Maybelline New York,* and L'Oréal Luxe, with standout performances for *Takami* and *Shu Uemura*.

The Travel Retail business in the Region was affected by the base effect of last year's anticipated invoicing[1]. In addition, sell-out was adversely impacted by Travel Retail operators' wide-ranging refocus on a model with the individual traveller at its core.

SAPMENA-SSA[2] achieved outstanding growth of +23.6% like-for-like and +17.4% reported.

SAPMENA continued to deliver outstanding double-digit growth in all categories and Divisions, making gains in both volume and value. By category, skincare was the main driver, fuelled by the expansion of *CeraVe* and strong growth in *La Roche-Posay* suncare; makeup was the fastest-growing category due to the rebound of *Maybelline New York*; fragrances recorded another strong and broad-based performance.

By Region, growth was well-balanced between Pacific, Southeast Asia, South Asia and Middle East & North Africa. In the Pacific region, growth was outstanding, especially in the drug store channel; in India, growth was driven by mass and professional hair colour and haircare. In Southeast Asia, L'Oréal recorded strong sales and outperformed in Thailand, Malaysia and Singapore, while the Consumer Products Division in Vietnam benefited from the expansion of e-commerce. The Gulf States recorded excellent growth over the religious holidays.

In Sub-Saharan Africa (SSA), all countries saw double-digit growth, with particularly strong momentum in South Africa and Kenya.

Latin America achieved outstanding growth of +23.6% like-for-like and +28.9% reported.

The Latin American beauty market remained dynamic across all key countries, driven by Mexico and Brazil.

L'Oréal delivered excellent growth with a positive contribution from volume and value – supported by a strong innovation pipeline. All countries continued to grow in double digits, with Brazil and Mexico being the top contributors. E-commerce sales continued to display fast growth.

Makeup spearheaded double-digit growth across all categories, with the stellar success of *Maybelline New York* innovations. In skincare, growth was driven by the continued success of *La Roche-Posay* and *CeraVe*, as well as *L'Oréal Paris* and *Garnier*. Haircare sales grew thanks to the continued strength of the *Elvive* franchise.

(1) The Asian Travel Retail business unit was relocated on 1st July 2022, which generated anticipated invoicing of €90 million in the first half of 2022.
(2) SAPMENA–SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa.

1.3. IMPORTANT EVENTS AND POST-CLOSING EVENTS

Strategy

- On 3 April, L'Oréal announced that it had **signed an agreement with Natura &Co to acquire Aesop**, the Australian luxury beauty brand. Created in 1987, Aesop is a global super brand known for its skin, hair and body products, available across luxury retail, beauty and hospitality locations around the world. Aesop operates online and in around 400 exclusive points of sale across the Americas, Europe, Australia and Asia, with a nascent footprint in China where the first store opened in 2022. The closing is subject to certain regulatory approvals and other customary conditions.
- On 1 July, as part of the Ambition France project, the Group established L'Oréal France as an autonomous entity, bringing together its commercial operations and shared services, as voted by the Annual General Meeting of 21 April 2023.

Research, Beauty Tech and Digital

- In March, the venture capital fund **BOLD (Business Opportunities for L'Oréal Development) invested in a biotechnology venture led by Geno**. The investment will contribute to the development of new sustainable ingredients derived from living organisms: harnessing Geno's biotechnology expertise, L'Oréal will replace traditional ingredients with biosourced alternatives, such as those produced from plant sugars. These new ingredients will be used in a range of L'Oréal's products, marking an essential step towards the Group's goals of 100% eco-designed products and 95% of ingredients in its formulas biosourced, derived from abundant minerals or circular processes by 2030.
- L'Oréal launched several **major biotech initiatives.** Its venture capital fund **BOLD invested in US biotech company Debut** to co-develop a platform of over 7,000 increasingly high-performing and more sustainable ingredients; the joint development program between L'Oréal and Debut aims to accelerate their go-to-market. It also announced a **partnership with Bakar Labs, the pioneering biotech incubator of University of California Berkeley**; the collaboration gives Bakar Labs' start-ups free access to L'Oréal's 3D-reconstructed skin models, an innovative tool for animal-free safety and efficacy testing.
- **At Viva Technology 2023**, **L'Oréal unveiled its latest Beauty Tech innovations:** inclusive solutions such as HAPTA, designed to enable people with hand motion disorders to apply makeup; diagnostic tools (SPOTSCAN, META PROFILER™, K-SCAN); personalised solutions (3D shu:brow); and sustainable solutions like *L'Oréal Professionnel's* WATER SAVER, which has saved over 66 million litres of water to date.

  L'Oréal and Verily – an Alphabet precision health tech company – also announced the **launch of My Skin & Hair Journey**, the world's largest, most diverse multi-year skin and hair health study. Involving thousands of women in the US, the study will help researchers better understand the biological, clinical and environmental factors that contribute to skin and hair health.
- At the **World Congress of Dermatology** (WCD) in Singapore, L'Oréal unveiled new research on pigmentation and the impact of hormonal variations on women's skin and scalp.

Environmental, social and governance performance

- In March, **L'Oréal was again ranked among the world's most gender-equitable companies by Equileap.** L'Oréal was ranked number one in France in Equileap's 2023 Gender Equality Ranking and placed 11th globally among 3,500 companies in 23 countries. Since Equileap's launch six years ago, L'Oréal has been recognised in every ranking published.
- **L'Oréal has been recognised by the international organisation Ethisphere as one of the World's Most Ethical Companies for the 14th time**. The award recognises the Group's long-term commitment and its role as a leader in applying ethical principles to its sales practices, business and corporate culture.
- The rating agency **Sustainalytics granted "Industry Top Rated" status to L'Oréal in its 2023 ESG Risk Ratings.** With a score of 19.1, the Group is classified as a "Low Risk" company and a top-rated performer within the industry, ranking 5th out of 105 in the Household Products group.
- **The Fragrance Foundation** has announced that it will honour **Nicolas Hieronimus, L'Oréal's Chief Executive Officer, with its prestigious Hall of Fame Award in New York in June 2023**. The award seeks to honour the extraordinary contribution of Nicolas Hieronimus to the fragrance industry for more than a decade, as well as his leadership and vision, reflecting the values of environmental responsibility, diversity, equity and inclusion promoted by the Foundation.
- L'Oréal was recognised by **Standard & Poor's Global** for its sustainability performance, with a solid **Environmental, Social & Governance (ESG) rating** of 85 points out of 100. The score underlines L'Oréal's sustainable transformation towards a more responsible and inclusive business model through the implementation of an ambitious sustainability strategy.
- At the **25th L'Oréal-UNESCO For Women in Science International Awards,** five women scientists were recognised for their outstanding work. A medal of honour and a financial endowment were also given to three researchers who have been forced to flee their country and have shown exemplary courage, resilience and commitment to science.

- To coincide with Earth Day, in April L'Oréal announced **three new projects supported by its Fund for Nature Regeneration. NetZero, ReforesTerra and Mangroves.Now** were chosen for their innovative approaches to soil carbon sequestration, reforestation and mangrove restoration as well as their potential to have a far-reaching, positive impact on the environment and local communities.
- L'Oréal featured on **Fast Company's 2023 list of 100 Best Workplaces for Innovators**, which recognises organisations around the world that demonstrate an inspiring commitment to encourage and develop innovation at all levels.

Finance

- On 16 March, the **2022 Universal Registration Document** was filed with the Autorité des Marchés Financiers. It is made available to the public according to the terms of the regulations in force and may be viewed on the www.loreal-finance.com website.
- In May, L'Oréal successfully completed **a bond issue**[1] **totalling 2 billion euros**, the net proceeds of which will be used for general corporate purposes, in particular the acquisition of Aesop.
- On 27 July, the Board of Directors has decided, under the authorisation voted by the Annual General Meeting of 21 April 2023, to set up a **share buyback programme** during the second half of 2023 amounting to a maximum of 500 million euros and with a maximum number of shares to be acquired of 2 million. The shares thus repurchased are intended to be cancelled[2].

1.4. RISK FACTORS AND TRANSACTIONS BETWEEN RELATED PARTIES

1.4.1. Risk factors

The risk factors are the same type as those described in section 3.5. of the 2022 Universal Registration Document, which do not present any significant change over the first half of 2023.

The amounts relating to the financial and market risks as at 30 June 2023 are described in Note 9 to the financial statements in the summary half-year consolidated financial statements in this Report.

1.4.2. Transactions between related parties

Transactions between the companies consolidated under the equity method do not represent a significant amount at 30 June 2023.

Moreover, over the first six months of 2023, there was no significant transaction concluded with a member of the management bodies or a shareholder with substantial influence over the Group.

1.5. PROSPECTS

"In a beauty market that is more dynamic than ever, L'Oréal delivered a remarkable performance and further strengthened its global leadership in the first half. Growth was broad-based across all Divisions, Regions, categories, and channels, once again vindicating our balanced, multi-polar model. Growth continued to be driven by the dual cylinders of volume and value – testament to the success of our innovations and the desirability of our brands. In keeping with our virtuous circle, we improved our profitability, all while significantly increasing investment in our brands. At the same time, in line with our dual ambition of economic and corporate performance, we continued to invest in the transition towards a more sustainable operating model that will ensure long-term value creation. In an economic context that is still uncertain, we remain ambitious for the future, optimistic about the outlook for the beauty market, and confident in our ability to keep outperforming the market and achieve in 2023 another year of growth in sales and profits."

(1) NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, JAPAN OR AUSTRALIA.
(2) The L'Oréal Universal Registration Document filed with the AMF (Autorités des Marchés Financiers) on 16 March 2023 includes, on page 352, the other pieces of information that must appear in the share buyback programme description pursuant to Article 241-2 of the General Regulation of the AMF.

2 2023 condensed consolidated financial statements

2.1. COMPARED CONSOLIDATED INCOME STATEMENTS

€ millions	Notes	1st half 2023	1st half 2022	2022
Net sales	**3.1**	**20,574.1**	**18,366.3**	**38,260.6**
Cost of sales		-5,291.5	-4,935.8	-10,577.4
Gross profit		**15,282.6**	**13,430.6**	**27,683.3**
Research & innovation expenses		-622.8	-539.6	-1,138.6
Advertising and promotion expenses		-6,682.6	-5,793.3	-12,059.0
Selling, general and administrative expenses		-3,718.5	-3,352.2	-7,028.8
Operating profit	**3.1**	**4,258.8**	**3,745.5**	**7,456.9**
Other income and expenses	4	-321.7	-34.5	-241.5
Operational profit		**3,937.1**	**3,711.0**	**7,215.4**
Finance costs on gross debt		-80.7	-14.0	-70.4
Finance income on cash and cash equivalents		65.6	29.0	69.8
Finance costs, net		**-15.1**	**15.0**	**-0.6**
Other financial income and expenses		-30.2	-31.4	-72.3
Sanofi dividends		420.9	468.2	468.2
Profit before tax and associates		**4,312.7**	**4,162.8**	**7,610.6**
Income tax		-949.1	-940.0	-1,899.4
Share of profit in associates		-	1.1	1.4
Net profit		**3,363.6**	**3,224.0**	**5,712.6**
Attributable to:				
● owners of the Company		3,359.0	3,222.8	5,706.6
● non-controlling interests		4.6	1.2	6.0
Earnings per share attributable to owners of the Company *(euros)*		6.27	6.02	10.65
Diluted earnings per share attributable to owners of the Company *(euros)*		6.25	6.00	10.61
Earnings per share attributable to owners of the Company, excluding non-recurring items *(euros)*	10.3	6.75	6.07	11.30
Diluted earnings per share attributable to owners of the Company, excluding non-recurring items *(euros)*	10.3	6.73	6.05	11.26

2.2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ millions	Notes	1st half 2023	1st half 2022	2022
Consolidated net profit for the period		**3,363.6**	**3,224.0**	**5,712.6**
Cash flow hedges		-47.9	-38.0	288.5
Cumulative translation adjustments		-359.3	680.9	195.1
Income tax on items that may be reclassified to profit or loss(1)		6.3	6.9	-58.0
Items that may be reclassified to profit or loss		**-400.9**	**649.8**	**425.6**
Financial assets at fair value through other comprehensive income	8.3	972.6	913.2	152.1
Actuarial gains and losses	5.1	57.8	342.1	395.6
Income tax on items that may not be reclassified to profit or loss(1)		-45.0	-116.9	-111.5
Items that may not be reclassified to profit or loss		**985.4**	**1,138.4**	**436.2**
Other comprehensive income		**584.5**	**1,788.2**	**861.8**
CONSOLIDATED COMPREHENSIVE INCOME		**3,948.1**	**5,012.2**	**6,574.4**
Attributable to:				
● owners of the Company		3,943.7	5,010.8	6,567.6
● non-controlling interests		4.4	1.4	6.8

(1) *The tax effect is as follows:*

€ millions	1st half 2023	1st half 2022	2022
Cash flow hedges	6.3	6.9	-58.0
Items that may be reclassified to profit or loss	**6.3**	**6.9**	**-58.0**
Financial assets at fair value through other comprehensive income	-30.6	-28.5	-6.1
Actuarial gains and losses	-14.4	-88.4	-105.5
Items that may not be reclassified to profit or loss	-45.0	-116.8	-111.5
TOTAL	**-38.7**	**-110.0**	**-169.5**

2.3. COMPARED CONSOLIDATED BALANCE SHEETS

Assets

€ millions	Notes	30.06.2023	30.06.2022	31.12.2022
Non-current assets		**33,536.2**	**32,578.9**	**32,794.5**
Goodwill	6	11,362.0	11,353.9	11,717.7
Other intangible assets	6	3,610.9	3,501.0	3,640.1
Right-of-use assets	3.2	1,443.0	1,491.8	1,482.7
Property, plant and equipment	3.2	3,626.7	3,441.0	3,481.7
Non-current financial assets	8.3	12,710.3	11,956.5	11,652.8
Investments accounted for the equity method		18.2	10.9	18.4
Deferred tax assets		765.2	823.8	801.1
Current assets		**17,571.6**	**14,590.0**	**14,049.6**
Inventories		4,258.0	3,988.3	4,079.4
Trade accounts receivable		5,483.6	5,064.6	4,755.5
Other current assets		2,668.9	2,399.6	2,423.2
Current tax assets		164.2	150.3	173.9
Cash and cash equivalents	8.2	4,996.9	2,987.4	2,617.7
TOTAL		**51,107.9**	**47,168.9**	**46,844.2**

Equity & Liabilities

€ millions	Notes	30.06.2023	30.06.2022	31.12.2022
Equity	**10**	**27,961.6**	**25,932.4**	**27,186.5**
Share capital		107.2	107.3	107.0
Additional paid-in capital		3,368.7	3,265.6	3,368.7
Other reserves		14,215.5	12,085.9	11,675.6
Other comprehensive income		7,348.6	6,845.8	6,404.4
Cumulative translation adjustments		-443.2	401.7	-83.8
Treasury shares		-	-	-
Net profit attributable to owners of the Company		3,359.0	3,222.8	5,706.6
Equity attributable to owners of the Company		**27,955.7**	**25,929.1**	**27,178.5**
Non-controlling interests		5.9	3.3	8.0
Non-current liabilities		**6,027.2**	**5,527.3**	**5,937.9**
Provisions for employee retirement obligations and related benefits		447.0	62.1	457.9
Provisions for liabilities and charges	11.1	68.3	61.9	67.7
Non-current tax liabilities		245.7	290.9	275.6
Deferred tax liabilities		849.5	896.5	905.6
Non-current borrowings and debt	8.1	3,250.2	3,009.4	3,017.6
Non-current lease debt	8.1	1,166.5	1,206.5	1,213.5
Current liabilities		**17,119.0**	**15,709.2**	**13,719.6**
Trade accounts payable		6,074.9	6,467.6	6,345.6
Provisions for liabilities and charges	11.1	1,149.4	1,245.0	1,205.6
Other current liabilities		4,251.9	3,821.1	4,484.6
Income tax		239.9	396.1	264.2
Current borrowings and debt	8.1	5,002.0	3,336.4	1,012.8
Current lease debt	8.1	400.9	443.0	407.0
TOTAL		**51,107.9**	**47,168.9**	**46,844.2**

2.4. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other compre-hensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the Company	Non-controlling interests	Equity
At 31.12.2021	**535,412,360**	**111.5**	**3,265.6**	**23,689.3**	**5,738.6**	**-8,940.2**	**-279.1**	**23,585.7**	**6.9**	**23,592.6**
Impact of the application of the IFRIC decision on SaaS contracts				-151.2				-151.2		-151.2
At 01.01.2022[(1)]	**535,412,360**	**111.5**	**3,265.6**	**23,538.1**	**5,738.6**	**-8,940.2**	**-279.1**	**23,434.5**	**6.9**	**23,441.4**
Consolidated net profit for the period				5,706.6				5,706.6	6.0	5,712.6
Cash flow hedges					229.7			229.7	0.8	230.5
Cumulative translation adjustments							195.3	195.3	-0.2	195.1
Other comprehensive income that may be reclassified to profit and loss					**229.7**		**195.3**	**425.0**	**0.6**	**425.6**
Financial assets at fair value through other comprehensive income					146.1			146.1		146.1
Actuarial gains and losses					290.0			290.0	0.1	290.1
Other comprehensive income that may not be reclassified to profit and loss					**436.1**		**-**	**436.1**	**0.1**	**436.2**
Consolidated comprehensive income				**5,706.6**	**665.8**		**195.3**	**6,567.6**	**6.8**	**6,574.4**
Capital increase	1,317,073	0.3	103.1	-0.2			–	103.2	–	103.2
Cancellation of Treasury shares		-4.8		-9,437.7		9,442.5	–	-	–	-
Dividends paid (not paid on Treasury shares)				-2,601.2		–	–	-2,601.2	-4.4	-2,605.6
Share-based payment				169.0		–	–	169.0	–	169.0
Net changes in Treasury shares	-1,542,871					-502.3	–	-502.3	–	-502.3
Changes in scope of consolidation						–	–	-	–	-
Other movements				7.7		–	–	7.7	-1.2	6.5
At 31.12.2022	**535,186,562**	**107.0**	**3,368.7**	**17,382.2**	**6,404.4**	**-**	**-83.8**	**27,178.5**	**8.0**	**27,186.5**
Consolidated net profit for the period				3,359.0				3,359.0	4.6	3,363.6
Cash flow hedges					-41.2			-41.2	-0.4	-41.6
Cumulative translation adjustments							-359.5	-359.5	0.2	-359.3
Other comprehensive income that may be reclassified to profit and loss					**-41.2**		**-359.5**	**-400.7**	**-0.2**	**-400.9**
Financial assets at fair value through other comprehensive income					942.0			942.0		942.0
Actuarial gains and losses					43.4			43.4		43.4
Other comprehensive income that may not be reclassified to profit and loss					**985.4**		**-**	**985.4**	**-**	**985.4**
Consolidated comprehensive income				**3,359.0**	**944.2**	**–**	**-359.5**	**3,943.7**	**4.4**	**3,948.1**
Capital increase	776,525	0.2	–	-0.2				-		-
Cancellation of Treasury shares								-		-
Dividends paid (not paid on Treasury shares)				-3,248.4				-3,248.4	-6.2	-3,254.6
Share-based payment				81.3				81.3		81.3
Net changes in Treasury shares	–					–		-		-
Changes in scope of consolidation								-		-
Other movements				0.6				0.6	-0.3	0.3
AT 30.06.2023	**535,963,087**	**107.2**	**3,368.7**	**17,574.5**	**7,348.6**	**-**	**-443.2**	**27,955.7**	**5.9**	**27,961.6**

(1) After taking account of the IFRIC final decision in April 2021 on set-up and customization costs for SaaS-type contracts software.

Changes in first-half 2022

€ millions	Common shares outstanding	Share capital	Additional paid-in capital	Retained earnings and net profit	Other compre-hensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the Company	Non-controlling interests	Equity
At 31.12.2021	**535,412,360**	**111.5**	**3,265.6**	**23,689.3**	**5,738.6**	**-8,940.2**	**-279.1**	**23,585.7**	**6.9**	**23,592.6**
Impact of the application of the IFRIC decision on SaaS contracts				-152.5				-152.5		-152.5
At 01.01.2022[1]	**535,412,360**	**111.5**	**3,265.6**	**23,536.8**	**5,738.6**	**-8,940.2**	**-279.1**	**23,433.2**	**6.9**	**23,440.1**
Consolidated net profit for the period				3,222.8				3,222.8	1.2	3,224.0
Cash flow hedges					-31.2			-31.2	0.1	-31.1
Cumulative translation adjustments							680.8	680.8	0.1	680.9
Other comprehensive income that may be reclassified to profit and loss					**-31.2**		**680.8**	**649.6**	**0.2**	**649.8**
Financial assets at fair value through other comprehensive income					884.7			884.7		884.7
Actuarial gains and losses					253.7			253.7		253.7
Other comprehensive income that may not be reclassified to profit and loss					**1,138.4**		**-**	**1,138.4**	**-**	**1,138.4**
Consolidated comprehensive income				**3,222.8**	**1,107.2**	**-**	**680.8**	**5,010.8**	**1.4**	**5,012.2**
Capital increase	868,249	0.2		-0.2				-		-
Cancellation of Treasury shares		-4.5		-8,935.8		8,940.2		-		-
Dividends paid (not paid on Treasury shares)				-2,601.2				-2,601.2	-4.4	-2,605.6
Share-based payment				86.8				86.8		86.8
Net changes in Treasury shares								-		-
Changes in scope of consolidation								-		-
Other movements				-0.6				-0.6	-0.5	-1.1
AT 30.06.2022	**536,280,609**	**107.3**	**3,265.6**	**15,308.6**	**6,845.8**	**-**	**401.7**	**25,929.1**	**3.3**	**25,932.4**

(1) After taking account of the IFRIC final decision in April 2021 on set-up and customization costs for SaaS-type contracts software.

2.5. COMPARED CONSOLIDATED STATEMENTS OF CASH FLOWS

€ millions	Notes	1st half 2023	1st half 2022	2022
Cash flows from operating activities				
Net profit attributable to owners of the Company		3,359.0	3,222.8	5,706.6
Non-controlling interests		4.6	1.2	6.0
Elimination of expenses and income with no impact on cash flows:				
• depreciation, amortisation, provisions and non-current tax liabilities		911.3	626.8	1,536.1
• changes in deferred taxes		-5.0	-57.3	-96.5
• share-based payment (including free shares)		81.3	86.8	169.0
• capital gains and losses on disposals of assets		2.9	-0.5	7.6
Other non-cash transactions		24.2	-53.6	-38.7
Share of profit in associates net of dividends received		-	-1.1	-0.5
Gross cash flow		**4,378.3**	**3,825.1**	**7,289.6**
Changes in working capital		-1,556.6	-1,849.8	-1,011.3
Net cash provided by operating activities (A)		**2,821.7**	**1,975.4**	**6,278.3**
Cash flows from investing activities				
Purchases of property, plant and equipment and intangible assets		-724.1	-638.3	-1,343.2
Disposals of property, plant and equipment and intangible assets		1.7	3.6	9.2
Changes in other financial assets (including investments in non-consolidated companies)		-41.9	-54.2	-142.8
Effect of changes in the scope of consolidation		-159.4	-10.2	-746.9
Net cash from investing activities (B)		**-923.7**	**-699.1**	**-2,223.8**
Cash flows from financing activities				
Dividends paid		-3,398.2	-2,641.2	-2,689.9
Capital increase of the parent company		-	-	103.2
Capital increase of subsidiaries		-	-	-
Disposal (acquisition) of Treasury shares		-	-	-502.3
Purchase of non-controlling interests		-	-	-
Issuance (repayment) of short-term loans		2,218.2	-1,216.6	-3,563.8
Issuance of long-term borrowings		2,015.4	2,997.8	3,019.9
Repayment of long-term borrowings		-29.9	-	-
Repayment of lease debt		-211.2	-216.7	-446.9
Net cash from financing activities (C)		**594.2**	**-1,076.7**	**-4,079.9**
Net effect of changes in exchange rates and fair value (D)		-113.0	73.9	-70.7
Change in cash and cash equivalents (A+B+C+D)		**2,379.2**	**273.5**	**-96.1**
Cash and cash equivalents at beginning of the period (E)		**2,617.7**	**2,713.8**	**2,713.8**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**8.2**	**4,996.9**	**2,987.4**	**2,617.7**

Income tax paid totalled €1,020.7 million, €944.1 million, and €2,098.7 million for first-half 2023, first-half 2022 and year 2022, respectively.

Interest paid (excluding interest on lease debts) amounted to €58.0 million, -€7.0 million, and €28.4 million for first-half 2023, first-half 2022 and year 2022, respectively.

Dividends received totalled €422.6 million, €396.3 million, and €471.8 million for first-half 2023, first-half 2022 and year 2022, respectively. These are included within the gross cash flow.

Cash outflows relating to leases amounted to €270.9 million (of which €20.1 million related to interest paid on lease debt), €279.2 million (of which €18.7 million related to interest paid on lease debt) and €570.3 million (of which €38.1 million related to interest paid on lease debt) including leases that do not fall under the scope of IFRS 16 for first-half 2023, first-half 2022 and year 2022, respectively.

2.6. NOTES TO THE CONDENSES CONSOLIDATED FINANCIAL STATEMENTS

Notes contents

NOTE 1. Accounting principles

The condensed half-year consolidated financial statements of L'Oréal and its subsidiaries ("the Group") have been prepared in accordance with the international accounting standard IAS 34. As condensed financial statements, they do not include all the information required by IFRS, International Financial Reporting Standards, for the preparation of the annual financial statements and must therefore be read in conjunction with the Group consolidated financial statements prepared in accordance with IFRS as adopted in the European Union for the year ending at 31 December 2022.

The Board of Directors reviewed the condensed half-year consolidated financial statements as at 30 June 2023, on 27 July 2023.

The accounting policies applied are identical to those applied when preparing the annual consolidated financial statements for the year ended 31 December 2022, except as regards income tax.

The tax charge (current and deferred) is calculated for the half year financial statements by applying to the profit for the period the estimated annual tax rate for the current tax year for each entity or tax group.

The Group did not anticipate any standards not mandatorily applicable in 2023.

On 16 December 2022, the Member States of the European Union adopted a directive aimed at establishing a minimum level of taxation of 15% for multinational groups (Pillar 2). Member States have until 31 December 2023 to transpose these new rules so that they can be applied from the 2024 financial year. The Group is currently analysing the situation.

NOTE 2. Main events of the period

2.1. Changes in the scope of consolidation

2.1.1. First-half 2023

Acquisition

L'Oréal did not make any significant acquisition in the first-half 2023.

2.1.2. Year 2022

Acquisition

On 23 September 2022, L'Oréal signed an agreement to acquire Skinbetter Science, a physician-dispensed American skincare brand backed by cutting-edge, dermatological science, combining patented efficacious ingredients with luxurious sensorial textures.

Skinbetter Science was co-founded in 2016 by pharmaceutical industry professionals, Jonah Shacknai, Justin Smith and Seth Rodner, and has since become one of the fastest growing medical-dispensed skincare brands in the United States.

Skinbetter Science is known for formulating innovative products with active ingredients for anti-aging, moisturizing, cleansing, exfoliating, skin peeling and sun protection.

The brand is strongly supported by deep knowledge of skin and chemistry with clinical trials led by board-certified dermatologists.

Skinbetter Science's products are mainly available through a network of leading dermatology, plastic surgery and medical aesthetics practices throughout the United States, powered by a national medical sales team.

Headquartered in Arizona, the brand's leadership team will continue to run the business following the acquisition and will be integrated under the leadership of the President of the Dermatological Beauty Division within L'Oréal USA.

This acquisition was completed on 14 October 2022 and has been fully consolidated since that date.

The cost of this acquisition represented €857.7 million. The total amount of goodwill and other intangible assets resulting from this acquisition amounted to €821 million.

In 2022, the acquisition of Skinbetter Science represented €105.9 million in full-year net sales and €18.7 million in full-year operating profit.

2.2. Other information

Signing of an agreement with Natura & Co to acquire Aesop

On 3 April, L'Oréal announced that it had signed an agreement with Natura & Co to acquire Aesop, the Australian luxury beauty brand, for $2.5 billion. Created in 1987, Aesop is a global super brand known for its skin, hair and body products, available across luxury retail, beauty and hospitality locations around the world. Aesop operates online and in around 400 exclusive points of sale across the Americas, Europe, Australia and Asia, with a nascent footprint in China where the first store opened in 2022. The closing is subject to certain regulatory approvals and other customary conditions. This acquisition will be finalised in the second-half 2023.

NOTE 3. Operating items – Segment information

3.1. Segment information

3.1.1. Information by business segment

The Group's business activities are organised into four Divisions. In its markets, each Operational Division develops and enhances a range of its own brand of consumer products:

- the Professional Products Division provides expertise to beauty professionals.

  For over 100 years, this Division has acquired extensive knowledge of, and provided tailored support solutions for, the hairdressing sector. It has built up a unique brand portfolio which currently includes L'Oréal Professionnel, Kérastase, Redken, Matrix and PureOlogy;
- the Consumer Products Division's goal is to democratize access to the best that the world of beauty has to offer.

  The Division is underpinned by four major global brands (L'Oréal Paris, Garnier, Maybelline New York and NYX Professional Makeup), and by the deployment of its specialised and regional brands (Stylenanda, Essie, Mixa, etc.);
- the Luxe Division creates exceptional experiences and products, for the most demanding consumers in selective distribution.

  The Division has built a unique portfolio of prestigious brands including iconic mainstream, aspirational, alternative and specialist brands (Lancôme, Kiehl's, Giorgio Armani Beauty, Yves Saint Laurent Beauté, Biotherm, Helena Rubinstein, Shu Uemura, IT Cosmetics, Urban Decay, Ralph Lauren, Mugler, Viktor&Rolf, Valentino, Azzaro, Prada, Takami, etc.);
- the Dermatological Beauty Division, whose goal is to help everyone in their quest to have healthy and beautiful skin.

  Its portfolio of highly complementary brands (La Roche-Posay, Vichy, CeraVe, SkinCeuticals, Skinbetter Science, etc.) is designed to keep pace with major skincare trends and recommendations of healthcare professionals.

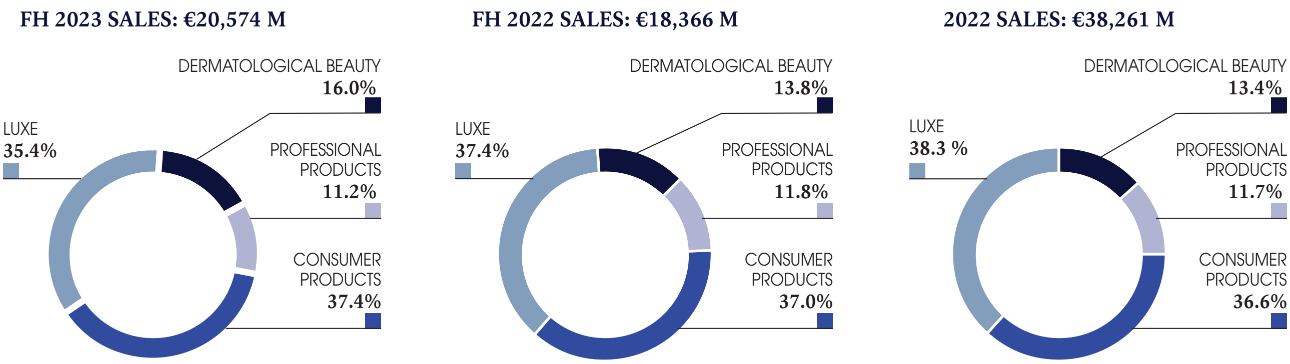
The "non-allocated" item includes expenses incurred by the Functional Divisions, fundamental research and the cost of free shares not allocated to the Divisions. It also includes noncore businesses, such as reinsurance.

Data by Division are prepared using the same accounting principles as those used for the preparation of the consolidated financial statements.

The performance of each Division is measured on the basis of operating profit.

3.1.1.1. Net sales by Division

Weight of net sales by Division over the three periods



		Growth (%)			
€ millions	1st half 2023	Published data	Excluding exchange effect	1st half 2022	2022
Professional Products	2,313.7	6.9%	8.4%	2,163.8	4,476.8
Consumer Products	7,687.2	13.1%	15.9%	6,794.3	14,021.3
Luxe	7,288.4	6.1%	8.3%	6,871.6	14,638.1
Dermatological Beauty	3,284.8	29.5%	32.0%	2,536.6	5,124.5
GROUP	**20,574.1**	**12.0%**	**14.4%**	**18,366.3**	**38,260.6**

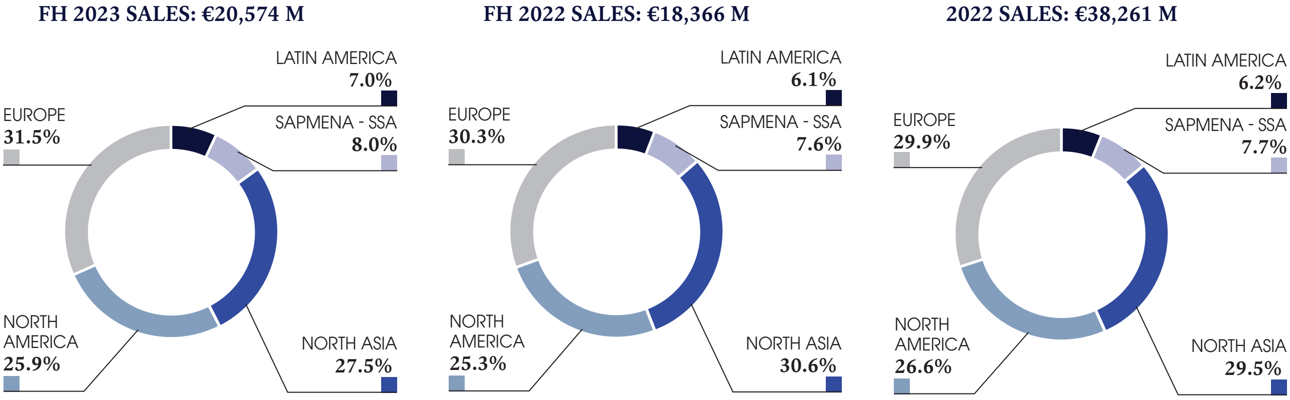
3.1.1.2. Operating profit by Division

€ millions	1st half 2023	1st half 2022	2022
Professional Products	490.1	458.7	953.6
Consumer Products	1,617.4	1,359.8	2,774.9
Luxe	1,687.9	1,647.8	3,350.4
Dermatological Beauty	933.9	703.5	1,303.0
TOTAL OF DIVISIONS	**4,729.3**	**4,169.9**	**8,381.9**
Non-allocated	-470.5	-424.4	-925.1
GROUP	**4,258.8**	**3,745.5**	**7,456.9**

3.1.2. Consolidated net sales by geographic zone

All information is presented on the basis of geographic location of the subsidiaries.

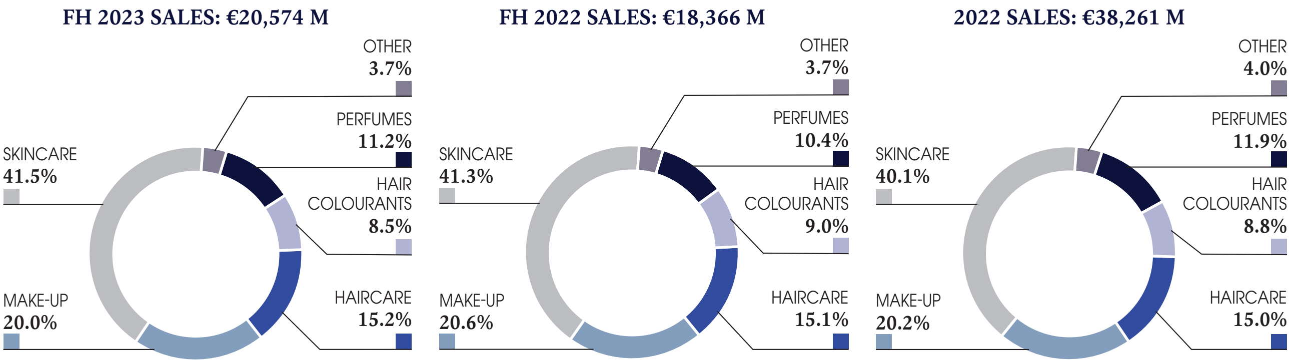
Weight of net sales by geographic zone over the three periods



		Growth (%)			
€ millions	1st half 2023	Published data	Excluding exchange effect	1st half 2022	2022
Europe	6,491.0	16.6%	18.7%	5,567.2	11,436.7
North America	5,332.4	14.7%	14.0%	4,650.4	10,164.0
North Asia	5,652.5	0.6%	4.5%	5,620.1	11,321.4
SAPMENA/SSA	1,647.9	17.4%	23.4%	1,403.4	2,962.4
Latin America	1,450.4	28.9%	32.3%	1,125.3	2,376.2
GROUP	**20,574.1**	**12.0%**	**14.4%**	**18,366.3**	**38,260.6**

3.1.3. Sales by product category

Weight of net sales by product category over the three periods



€ millions	1st half 2023	Growth (%) Published data	Growth (%) Excluding exchange effect	1st half 2022	2022
Skincare	8,530.9	12.6%	15.5%	7,576.5	15,344.3
Make-up	4,114.7	8.8%	10.7%	3,783.4	7,738.8
Haircare	3,122.9	12.9%	15.4%	2,765.3	5,750.2
Hair colourants	1,752.6	5.5%	7.1%	1,660.7	3,361.6
Perfumes	2,295.1	20.7%	21.8%	1,901.0	4,546.2
Other	758.0	11.5%	12.8%	679.4	1,519.5
GROUP	**20,574.1**	**12.0%**	**14.4%**	**18,366.3**	**38,260.6**

3.2. Depreciation and amortisation expense, Property, plant and equipment and right-of-use assets

3.2.1. Depreciation and amortisation expenses

Depreciation and amortisation of property, plant and equipment and intangible assets included in operating expenses amounted to €677.3 million, including €198.1 million for right-of-use (IFRS 16) for the first-half 2023 compared with €712.3 million, including €207.5 million for right-of-use (IFRS 16) for first-half 2022 and €1,474.2 million including €428.0 million for right-of-use (IFRS 16) for year 2022.

3.2.2. Property, plant and equipment and right-of-use assets

Acquisitions for first-half 2023 amounted to €745.6 million, including €200.1 million for new leases (IFRS 16) compared with €596.4 million including €147.1 million for new leases (IFRS 16) for first-half 2022 and €1,398.2 million including €395.5 million for new leases (IFRS 16) for year 2022.

Depreciation and provision for first-half 2023 amounted to €581.4 million including €204.5 million for right-of-use assets (IFRS 16) compared with €606.7 million including €207.5 million for right-of-use assets (IFRS 16) for first-half 2022 and €1,254.4 million including €428.0 million for right-of-use assets (IFRS 16) for year 2022.

NOTE 4. Other operational income and expenses

This item breaks down as follows:

€ millions	1st half 2023	1st half 2022	2022
Capital gains and losses on disposals of property, plant and equipment and intangible assets(1)	-2.8	0.6	-7.4
Impairment of property, plant and equipment and intangible assets(2)	-270.5	-	-39.0
Restructuring costs(3)	-24.9	-8.9	-172.6
Other(4)	-23.6	-26.2	-22.5
TOTAL	**-321.7**	**-34.5**	**-241.5**

(1) Including:
- *in the first half of 2023, the residual impact of the sale of Logocos in Germany -€2,9 million;*
- *in 2022, mainly the capital loss €8.8 million on the assets disposal of Dermablend in the United States.*

(2) Including:
- *in the first half of 2023, impairment of the goodwill of IT Cosmetics €250 million and that of the brand Decléor €19.8 million;*
- *in 2022, the impairment of the brand Decléor €39 million.*

(3) Including:
- *in the first half of 2023, the strategic reorganisation of legal entities in France €10 million, the recognition following French pension reforms of additional charges on advanced leave provisions from previous restructuring €7 million and additional impairment concerning the right to use in Brazil €7.7 million;*
- *in the first half of 2022, an operational restructuring between Singapore and Malaysia €5 million;*
- *in 2022, mainly the loss resulting from the sale of Logocos €114.6 million following the signing of an agreement on 2 December 2022, the sale was finalised in March 2023, the continued restructuring of the sales forces in the Consumer Products Division in Europe €14.5 million and the reorganisation of the operational structures in Europe and Sapmena €23.1 million.*

(4) Including:
- *in the first half of 2023, corporate philanthropy donations €14.2 million and acquisition costs €8.9 million;*
- *in the first half of 2022, corporate philanthropy donations €12.7 million and exceptional costs associated with the conflict in Ukraine €11.6 million;*
- *in 2022, corporate philanthropy donations €25.3 million, exceptional costs associated with the conflict in Ukraine €18.4 million, as well as acquisition costs (14.9 million partially offset by the downward revaluation of earn-out liabilities -€21.2 million.*

NOTE 5. Employee benefits – Free shares

5.1. Employee benefits – Actuarial gains and losses

a) At 30 June 2023

The main assumptions used (including changes in discount rates and in the market value of plan assets) for the euro zone, the United States, Germany and the United Kingdom were reviewed on 30 June 2023.

The main developments concerned the -25 basis point reduction in the euro interest rates used to determine the present value of our pension obligations recognised since 31 December 2022, which was offset by an increase in the value of plan assets.

Interest rates in the United States have been stable since 31 December 2022, but plan assets have gained in value.

Consequently, the main changes were seen in France and the United States, where pension provisions fell by €26 million and €32 million respectively.

The pension reform in France, which was adopted on 14 April 2023, constitutes a change to a plan within the meaning of IAS 19. The difference between the pre-change commitment and the entitlement accumulated on the change date, projected until the new retirement date, constitutes a past service cost, the effect of which immediately affects the profit (loss) for the period. The amount recognised at the end of June 2023 was immaterial.

b) At 30 June 2022

The rise in the interest rates used to determine the present value of our pension obligations recorded since 31 December 2021 for France is 215 basis points for annuity plans and 195 basis points for capital plans. The hedging assets in France have lost value.

France is showing lower impact of the pension provision for €338 million. This impact was taken into account in the financial statements for the period ended 30 June 2022. In other countries there is no significant impact taken into account in the financial statements at the end of June.

5.2. Free shares

a) Vesting conditions

At 30 June 2023, no plan was implemented.

The plan of 18 April 2019 was definitively vested by the allocation of 776,525 shares on 19 April 2023.

At 30 June 2023, the performance conditions were deemed satisfied.

b) Capital increase reserved for employees

No new plans were implemented in the first half of 2023.

NOTE 6. Intangible assets

As a result of falling behind the IT Cosmetics business plan, caused mainly by a delay in the brand's international growth, the IT Cosmetics Cash Generating Unit was subjected to a test for, and showed signs of, impairment.

As at end-June 2023, the recoverable amount of the IT Cosmetics Cash Generating Unit was €549.9 million. This test used a discount rate of 9,1% as at 30 June 2023.

The €355.7 million reduction in Goodwill was due mainly to goodwill impairment (-€250 million) and an unfavourable change is exchange rates (€161.1 million).

The €29.2 million decrease in Other intangible assets was due to the impairment of the Decléor brand with an indefinite life (€19.8 million), acquisitions for the period, net of amortisation (€54.2 million) and an unfavourable change in exchange rates (€49 million).

NOTE 7. Investments accounted for under the equity method

€ millions	30.06.2023	30.06.2022	31.12.2022
Investments accounted for under the equity method			
LIPP Distribution	11.1	10.4	9.9
Others[1]	7.1	0.5	8.5
TOTAL	**18.2**	**10.9**	**18.4**

(1) Of which Loshian Co., Ltd in Korea (€6.7 million).

NOTE 8. Financial assets and liabilities – Cost of debt

8.1. Borrowings and debt

The Group takes out bank loans to cover its medium-term financing needs and issues short-term marketable instruments in France and commercial paper in the US to cover its financing needs in the short term. None of the Group's borrowings or debt contains an early repayment clause linked to financial ratios (covenants).

In March 2022, the Group conducted a bond issue totalling €3 billion. It comprised three tranches: a €750 million two-year floating rate note; a €1,000 million two-year fixed rate bond paying a coupon of 0.375% p.a.; a €1,250 million 4.25-year fixed rate Sustainability-Linked Bond paying a coupon of 0.875% p.a. and including environmental (ESG) criteria linked to the Group's internal performance.

In May 2023, the Group conducted a bond issue totalling €2 billion. It is composed of two tranches: an initial two-year tranche of €1.0 billion, with an annual fixed-rate coupon of 3.125%, and a second, five-year tranche of €1.0 billion, with an annual fixed-rate coupon of 2.875%.

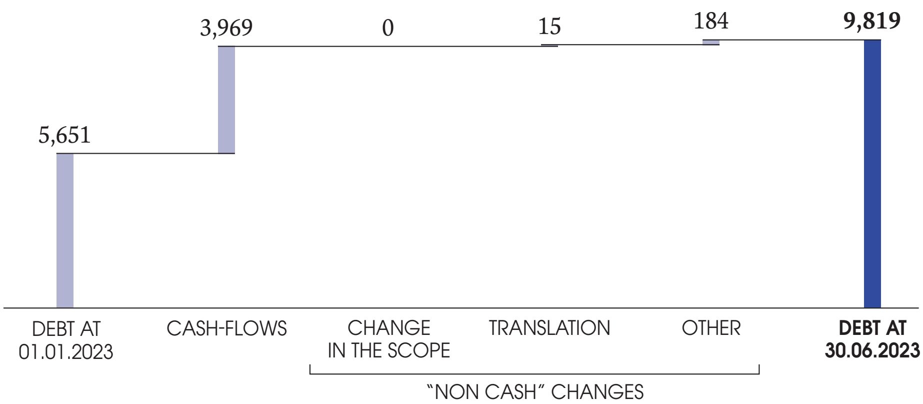
8.1.1. Debt by type

	30.06.2023		30.06.2022		31.12.2022	
€ millions	Non-current	Current	Non-current	Current	Non-current	Current
Short-term marketable instruments		3,034.2	-	3,096.3	-	795.2
MLT bank loans	-	-	-	-	-	-
Lease debt	1,166.5	400.9	1,206.5	443.0	1,213.5	407.0
Overdrafts	-	51.7	-	111.6	-	81.7
Other borrowings and debt	17.8	149.6	11.7	124.1	17.8	122.3
Bond	3,232.4	1,766.4	2,997.8	4.4	2,999.8	13.5
TOTAL	**4,416.7**	**5,402.8**	**4,215.9**	**3,779.4**	**4,231.0**	**1,419.8**

8.1.2. Change in debt

			Non-cash changes				
€ millions	31.12.2022	Cash-flows	Changes in the scope of consolidation	Translation adjustments	Changes in fair value	Other[1]	30.06.2023
Short-term marketable instruments	795.2	2,246.6	-	-7.5	-	-	3,034.2
MLT bank loans	-	-	-	-	-	-	-
Lease debt	1,620.5	-211.2	-	-25.6	-	183.7	1,567.4
Overdrafts	81.7	-88.1	-	57.9	-	-	51.7
Other borrowings and debt	140.1	36.3	-	-9.4	-	0.4	167.4
Bond	3,013.3	1,985.5	-	–	-	-	4,998.8
TOTAL	**5,650.9**	**3,969.1**	**-**	**15.4**	**-**	**184.1**	**9,819.5**

(1) These are renewals and amendments to contracts and new leases.



8.1.3. Debt by maturity date

€ millions	30.06.2023	30.06.2022	31.12.2022
Less than 1 year(1)	5,402.8	3,779.4	1,419.8
1 to 5 years	4,068.9	3,890.1	3,859.0
More than 5 years	347.8	325.8	372.1
TOTAL	**9,819.5**	**7,995.3**	**5,650.9**

(1) At 30 June 2023, the Group had confirmed undrawn credit lines for €5,000 million as at 30 June 2022 and 31 December 2022. These lines were not subject to any covenants.

8.1.4. Debt by currency excluding lease debts

€ millions	30.06.2023	30.06.2022	31.12.2022
Euro (EUR)	5,214.9	5,078.0	3,065.7
US Dollar (USD)	2,854.2	1,106.4	822.2
Turkish Lira (TRY)	40.8	37.5	46.2
Colombian Peso (COP)	37.7	26.2	25.2
Chilean Peso (CLP)	30.1	10.3	8.7
Korean Won (KRW)	15.1	13.9	7.8
Uruguayan Peso (UYU)	13.8	-	-
Egyptian Pound (EGP)	9.3	9.2	12.5
Kenyan Shilling (KES)	9.2	10.3	10.0
South African Rand (ZAR)	9.2	6.4	2.3
Philippine Peso (PHP)	5.5	6.1	5.9
Other	12.7	41.4	23.7
TOTAL	**8,252.2**	**6,345.8**	**4,030.3**

8.1.5. Breakdown of fixed rate – floating rate debt

€ millions	30.06.2023	30.06.2022	31.12.2022
Floating rate	3,845.4	3,968.5	1,638.5
Fixed rate including lease debt	5,974.1	4,026.8	4,012.4
TOTAL	**9,819.5**	**7,995.3**	**5,650.9**

8.1.6. Effective interest rates

Effective interest rates on Group debt after taking into account hedging instruments are 3.84% at 30 June 2023 compared with 0.17% at 30 June 2022 and 1.68% at 31 December 2022 for short-term marketable instruments.

Effective interest rate on the bond issued by the Group is 2.00% in 2023.

There is no medium- to long-term bank loans at 30 June 2023 as at 30 June 2022 and 31 December 2022.

8.1.7. Average debt interest rates

Average debt interest rates after allowing for hedging instruments break down as follows:

	30.06.2023	30.06.2022	31.12.2022
Euro (EUR)	1.85%	-0.53%	0.26%
US Dollar (USD)	3.36%	0.75%	2.18%

8.1.8. Fair value of borrowings and debt

The fair value of fixed-rate debt is determined for each loan by discounting future cash flows, based on bond yield curves at the balance sheet date, after allowing for the spread corresponding to the Group's risk rating.

The net carrying amount of outstanding bank loans and other floating-rate loans is a reasonable approximation of their fair value.

The fair value of borrowings and debt excluding IFRS 16 amounted to €8,252.2 million at 30 June 2023 compared with €6,341.4 million at 30 June 2022 and €4,030.3 million at 31 December 2022.

8.2. Cash and cash equivalents

	30.06.2023		30.06.2022		31.12.2022	
€ millions	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Marketable securities	1,408.0	1,408.0	538.6	538.6	718.5	718.5
Bank accounts and other cash and cash equivalents(1)	3,588.9	3,589.1	2,448.8	2,450.3	1,899.2	1,899.4
TOTAL	**4,996.9**	**4,997.1**	**2,987.4**	**2,988.9**	**2,617.7**	**2,617.9**

(1) Including €264.6 million in cash in countries in which cash repatriation is difficult and €2,289.4 million of short-term investment in US dollars to cover the purchase price of Aesop (revaluation impact of €17.6 million recognised in Other comprehensive income at the end of June 2023).

Marketable securities consist mainly of SICAV money-market funds and unit trusts (on which the return is based on EONIA).

They are considered as financial assets at fair value through profit and loss. Term accounts with a maturity of less than three months at inception are shown on the *Bank accounts and other cash and cash equivalents* line.

8.3. Non-current financial assets

	30.06.2023		30.06.2022		31.12.2022	
€ millions	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount	Acquisition cost
Investments in non-consolidated companies						
Sanofi(1)	11,609.9	4,033.5	11,390.0	4,033.5	10,621.5	4,033.5
Other listed securities(2)	84.9	96.2	104.7	95.2	99.7	95.2
Unlisted securities(3)	434.9	479.9	307.6	371.1	392.6	441.4
Financial assets at amortised cost						
Non-current loans and receivables	144.6	146.5	154.2	156.2	139.0	141.1
Surplus funds for pension scheme commitments held in assets	**436.1**		**-**		**400.0**	**-**
TOTAL	**12,710.3**	**4,756.1**	**11,956.5**	**4,656.0**	**11,652.8**	**4,711.3**

(1) L'Oréal's stake in Sanofi was 9.37% at 30 June 2023. The carrying amounts at 30 June 2023, at 30 June 2022 and at 31 December 2022 (€11,609.9 million, €11,390.0 million and €10,621.5 million respectively) correspond to the market value of the shares based on the closing price at each of the dates (€98.20, €96.34 and €89.84 respectively). The acquisition cost of €4,033.5 million corresponds to an entry cost of €34.12. The investment is measured at fair value through other comprehensive income.

(2) This heading includes listed securities of biotechnology start-ups as well as Euroapi shares for €53.9 million (reassessed cost) as an exceptional dividend paid in shares by Sanofi in 2022. The investments are measured at fair value through other comprehensive income.

(3) This heading mainly includes:

- strategic investments in investment funds measured at fair value through comprehensive income, including €50 million in the Circular Innovation fund in 2021, €60 million in the L'Oréal Fund for Nature Regeneration, and the remainder in start-ups and other investment funds,

- securities of our subsidiaries in Venezuela deconsolidated since 31 December 2015, for €94.4 million fully written down.

In the absence of specific events, their acquisition cost is deemed to be the best possible estimate of fair value.

NOTE 9. Derivatives and exposure to market risks

To manage its exposure to currency and interest rate risks arising in the course of its normal operations, the Group uses derivatives negotiated with counterparties rated investment grade.

In accordance with Group rules, currency and interest rate derivatives are set up exclusively for hedging purposes.

9.1. Hedging of currency risk

The Group is exposed to currency risk on commercial transactions recorded on the balance sheet and on highly probable future transactions.

Based on information supplied by the subsidiaries, future operating transactions are covered by exchange rate hedges, either by options, or by purchases or sales of forward contracts.

At 30 June 2023, the change in the mark to market value of the hedging instruments allocated to future transactions and deferred through equity amounts to €234.1 million, compared with -€67.4 million at 30 June 2022 and €256.4 million at 31 December 2022.

9.2. Foreign exchange gains and losses

Foreign exchange gains and losses break down as follows:

€ millions	1st half 2023	1st half 2022	2022
Time value	-61.6	-30.2	-105.1
Other foreign exchange gains and losses	-22.3	-73.9	-309.6
TOTAL	**-83.9**	**-104.1**	**-414.7**

Foreign currency transactions are translated at the spot rate at the transaction date.

Assets and liabilities denominated in foreign currencies have been translated using the exchange rates effective at the closing date. Foreign exchange gains and losses also include the following items relating to derivative instruments:

- changes in market value linked to variations in the spot rate between the inception of the hedge and the date when the hedged transactions are completed;
- residual ineffectiveness linked to excess hedges and recognised directly in the income statement under other foreign exchange gains and losses for -€7.7 million for first-half 2023, €14.3 million for first-half 2022 and €24.5 million for year 2022.

These amounts are allocated to the appropriate operating expense items. They are broken down as follows:

€ millions	1st half 2023	1st half 2022	2022
Cost of sales	-61.8	-87.5	-324.2
Research and innovation expenses	-1.6	12.9	29.6
Advertising and promotion expenses	-8.5	-14.4	-61.5
Selling, general and administrative expenses	-12.0	-15.1	-58.7
FOREIGN EXCHANGE GAINS AND LOSSES	**-83.9**	**-104.1**	**-414.7**

9.3. Hedging of interest rate risk

The Group did not have any interest rate hedging instruments at 30 June 2023, 30 June 2022 and 31 December 2022.

9.4. Shareholding risk

No cash has been invested in shares.

Available cash is invested with top-ranking financial institutions in the form of non-speculative instruments which can be drawn in very short periods. At 30 June 2023, marketable securities consist mainly of unit trusts (see Note 8.2.).

At 30 June 2023, the Group held 118,227,307 Sanofi shares for an amount of €11,609.9 million (see Note 8.3.). The initial share price for Sanofi shares was €34.12.

The shares are valued based on their fair value, and unrealised losses and gains are accounted for through equity in the Other comprehensive income item.

9.5. Fair value hierarchy

IFRS 7 as amended in 2009 requires financial assets and liabilities recognised at fair value in the balance sheet to be classified according to three levels:

- level 1: quoted prices on an active market;
- level 2: valuation techniques using observable inputs;
- level 3: valuation techniques using unobservable inputs.

The table below provides an analysis of financial instruments recorded at fair value on the balance sheet by level of the fair value hierarchy.

€ millions 30 June 2023	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		330.9		330.9
Sanofi shares	11,609.9			11,609.9
Other securities	84.9		433.9	518.8
Marketable securities	1,408.0			1,408.0
Time deposit	2,289.4			2,289.4
TOTAL ASSETS AT FAIR VALUE	**15,392.2**	**330.9**	**433.9**	**16,157.0**
Liabilities at fair value				
Foreign exchange derivatives		177.7		177.7
TOTAL LIABILITIES AT FAIR VALUE	**-**	**177.7**	**-**	**177.7**

€ millions 30 June 2022	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		119.3		119.3
Sanofi shares	11,390.0			11,390.0
Other securities	104.7		306.6	411.3
Marketable securities	538.6			538.6
TOTAL ASSETS AT FAIR VALUE	**12,033.3**	**119.3**	**306.6**	**12,459.2**
Liabilities at fair value				
Foreign exchange derivatives		377.8		377.8
TOTAL LIABILITIES AT FAIR VALUE	**-**	**377.8**	**-**	**377.8**

€ millions 31 December 2022	Level 1	Level 2	Level 3	Total fair value
Assets at fair value				
Foreign exchange derivatives		260.9		260.9
Sanofi shares	10,621.5			10,621.5
Other securities	99.7		391.6	491.3
Marketable securities	718.5			718.5
TOTAL ASSETS AT FAIR VALUE	**11,439.7**	**260.9**	**391.6**	**12,092.2**
Liabilities at fair value				
Foreign exchange derivatives		170.6		170.6
TOTAL LIABILITIES AT FAIR VALUE	**-**	**170.6**	**-**	**170.6**

NOTE 10. Equity – Earnings per share

10.1. Share capital and additional paid in capital

Share capital consisted of 535,963,087 shares with a par value of €0.20 at 30 June 2023, compared with 536,280,609 shares at 30 June 2022 and 535,186,562 shares at 31 December 2022.

10.2. Treasury shares

Shares acquired under the shareholder-approved L'Oréal share buyback programme are deducted from consolidated equity. Capital gains or losses relating to these shares are also recorded in equity net of tax.

a) First-half 2023

The change in the number of shares in first-half 2023 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2023	**535,186,562**	**-**	**535,186,562**
Shares cancelled	-	-	-
Options and free shares exercised	776,525	-	776,525
Treasury shares purchased		-	-
AT 30.06.2023	**535,963,087**	**-**	**535,963,087**

The change in Treasury shares in first-half 2023 was as follows:

In shares	Buyback programme	Allocated to stock options/free shares plans	Total	€ millions
At 01.01.2023	-	-	-	-
Shares cancelled	-	-	-	-
Options and free shares exercised	-	-	-	-
Treasury shares purchased	-	-	-	-
AT 30.06.2023	-	-	-	-

b) Year 2022

The change in the number of shares in 2022 was as follows:

In shares	Share capital	Treasury shares	Common shares outstanding
At 01.01.2022	557,672,360	-22,260,000	535,412,360
Shares cancelled	-23,802,871	23,802,871	-
Options and free shares exercised	1,317,073	-	1,317,073
Treasury shares purchased	-	-1,542,871	-1,542,871
AT 31.12.2022	535,186,562	-	535,186,562

The change in Treasury shares in 2022 was as follows:

In shares	Buyback programme	Allocated to stock options/free shares plans	Total	€ millions
At 01.01.2022	22,260,000	-	22,260,000	8,940.0
Shares cancelled	-23,802,871	-	-23,802,871	-9,442.3
Options and free shares exercised	-	-	-	-
Treasury shares purchased	1,542,871	-	1,542,871	502.3
AT 31.12.2022	-	-	-	-

10.3. Net profit excluding non-recurring items – Earnings per share

10.3.1. Reconciliation with net profit

Net profit excluding non-recurring items reconciles as follows with net profit attributable to owners of the Company:

€ millions	1st half 2023	1st half 2022	2022
Net profit attributable to owners of the Company	3,359.0	3,222.8	5,706.6
Capital gains and losses on property, plant and equipment and intangible assets	2.8	-0.6	7.4
Impairment of property, plant and equipment and intangible assets	270.5	-	39.0
Restructuring costs	24.9	8.9	172.6
Others	23.6	26.2	22.5
Tax effect on non-recurring items	-64.2	-6.1	-52.6
Non-controlling interests on non-recurring items	-	-0.2	-
Tax effect on acquisitions and internal restructuring	0.1	3.0	158.5
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY EXCLUDING NON-RECURRING ITEMS	3,616.6	3,254.0	6,054.1

10.3.2. Earnings per share attributable to owners of the Company

The tables below set out earnings per share attributable to owners of the Company rights:

1st half 2023	Net profit attributable to owners of the Company *(€ millions)*	Number of shares	Earnings per share attributable to owners of the Company *(€)*
Earnings per share	3,359.0	535,499,746	6.27
Free shares		1,636,710	
DILUTED EARNINGS PER SHARE	**3,359.0**	**537,136,456**	**6.25**

1st half 2022	Net profit attributable to owners of the Company *(€ millions)*	Number of shares	Earnings per share attributable to owners of the Company *(€)*
Earnings per share	3,222.8	535,789,632	6.02
Free shares		1,751,906	
DILUTED EARNINGS PER SHARE	**3,222.8**	**537,541,538**	**6.00**

2022	Net profit attributable to owners of the Company *(€ millions)*	Number of shares	Earnings per share attributable to owners of the Company *(€)*
Earnings per share	5,706.6	535,898,659	10.65
Free shares		1,758,889	
DILUTED EARNINGS PER SHARE	**5,706.6**	**537,657,548**	**10.61**

10.3.3. Earnings per share excluding non-recurring items

The tables below set out in detail earnings per share attributable to owners of the Company excluding non-recurring items:

1st half 2023	Net profit attributable to owners of the Company excluding non-recurring items *(€ millions)*	Number of shares	Earnings per share attributable to owners of the Company excluding non-recurring items *(€)*
Earnings per share excluding non-recurring items	3,616.6	535,499,746	6.75
Free shares		1,636,710	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**3,616.6**	**537,136,456**	**6.73**

1st half 2022	Net profit attributable to owners of the Company excluding non-recurring items *(€ millions)*	Number of shares	Earnings per share attributable to owners of the Company excluding non-recurring items *(€)*
Earnings per share excluding non-recurring items	3,254.0	535,789,632	6.07
Free shares		1,751,906	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**3,254.0**	**537,541,538**	**6.05**

2022	Net profit attributable to owners of the Company excluding non-recurring items *(€ millions)*	Number of shares	Earnings per share attributable to owners of the Company excluding non-recurring items *(€)*
Earnings per share excluding non-recurring items	6,054.1	535,898,659	11.30
Free shares		1,758,889	
DILUTED EARNINGS PER SHARE EXCLUDING NON-RECURRING ITEMS	**6,054.1**	**537,657,548**	**11.26**

10.3.4. Calculation of the number of shares

All potential ordinary shares are included in the calculation of earnings per share since all stock option plans have a dilutive impact on the periods presented.

NOTE 11. Provisions for liabilities and charges – Contingent liabilities and material ongoing disputes

11.1. Provisions for liabilities and charges

11.1.1. Closing balances

€ millions	30.06.2023	30.06.2022	31.12.2022
Non-current provisions for liabilities and charges	**68.3**	**61.9**	**67.7**
Non-current provisions(1)	68.3	61.9	67.7
Current provisions for liabilities and charges	**1,149.4**	**1,245.0**	**1,205.6**
Provisions for restructuring	96.1	149.2	146.1
Provisions for product returns	391.9	443.5	395.3
Other current provisions(1)	661.5	652.2	664.2
TOTAL	**1,217.7**	**1,306.9**	**1,273.3**

(1) This item notably includes provisions for tax risks and litigation excluding corporate income tax, industrial, environmental and commercial risks relating to operations (breach of contract), personnel costs, investments accounted for under the equity method when the Group's share in the net asset is negative, as well as risks relating to investigations carried out by competition authorities, of which France for €189.5 million (see note 11.2.2.a and b).

11.1.2. Changes in provisions for liabilities and charges during the period

€ millions	30.06.2022	31.12.2022	Charges(2)	Reversals (used)(2)	Reversals (not used)(2)	Other(1)	30.06.2023
Provisions for restructuring	149.2	146.1	12.6	-51.5	-10.1	-1.1	96.1
Provisions for product returns	443.5	395.3	299.8	-249.1	-46.6	-7.4	391.9
Other provisions for liabilities and charges	714.2	732.0	148.6	-121.9	-29.4	0.4	729.8
TOTAL	**1,306.9**	**1,273.3**	**461.1**	**-422.5**	**-86.1**	**-8.1**	**1,217.7**

(1) Mainly resulting from translation differences.
(2) These figures can be analysed as follow:

€ millions	Charges	Reversals (used)	Reversals (not used)
Operating profit	448.5	-369.2	-74.7
Other income and expenses	12.6	-53.3	-11.4
Net financial income	-	-	-

11.2. Contingent liabilities and material ongoing disputes

L'Oréal is party to several material disputes, described below:

11.2.1. Tax disputes

Brazil – IPI indirect tax base challenged

In January 2015, decree 8.393/2015 stated that commercial companies in Brazil would be liable for the indirect IPI tax on certain products as from 1 May 2015. L'Oréal is challenging the legal grounds of this decree and its application. In light of changes in market practices and a favourable change in the opinion of its advisers, since 1 January 2018 L'Oréal has recognised the IPI collected under income.

L'Oréal received tax reassessment notices regarding the indirect IPI tax for financial years 2008 and 2011 to 2015 totalling €702 million, including interest and penalties. The Brazilian tax authorities are questioning the ex-works sales price to the commercial arm used to calculate the IPI tax base. After consulting with its tax advisors, L'Oréal considers that the Brazilian tax authorities' position is unfounded and has challenged these notices. L'Oréal continues its legal proceedings with the tax and legal authorities.

In light of the negative developments in administrative court decisions on the same matter for other Brazilian groups, L'Oréal funded a provision for €46 million to partially cover this risk.

India – Advertising, marketing and promotional costs challenged

L'Oréal received several tax reassessment notices regarding financial years 2007/08 to 2017/18 for the most part concerning the tax deductibility of advertising, marketing and promotional expenses for a total amount of €207 million including interest and penalties. After consulting with its tax advisors, L'Oréal decided to contest these notices and continues the legal proceedings with the administrative and legal authorities.

Mutual agreement procedures

Mutual agreement procedures were instigated vis-à-vis the Italian, French, Indonesian and Singaporean tax authorities in order to eliminate double taxation following disagreements between these authorities.

11.2.2. Investigations carried out by the competition authorities

The national competition authorities in several European countries have launched investigations targeting the cosmetics industry in particular.

a) Europe (excluding France)

In Greece, in its decision passed down on 4 October 2017, the Greek competition authority condemned L'Oréal Hellas to pay a fine of €2.6 million for carrying out anti-competitive practices in 2005-2006. L'Oréal Hellas refuted all allegations of having engaged in anti-competitive practices with other luxury cosmetics manufacturers. The Greek Administrative Court of Appeal quashed this decision on 5 November 2018. The Greek competition authority lodged an appeal in cassation against this decision on 28 January 2019 and a hearing before the Council of State, which was postponed on numerous occasions, was finally held on 17 November 2020. The decision might be handed during the second-half of 2023.

In Germany, after the German competition authority filed a lawsuit in 2008 in the area of personal care products, which was definitively closed in 2015, distributors filed a lawsuit seeking damages against L'Oréal Germany which has resulted in dismissals by the courts at this stage. These proceedings are still ongoing. L'Oréal Germany is contesting the merits of these claims and denies that any damages occurred.

b) France

In France, on 18 December 2014, the French competition authority handed down a fine of €189.5 million against L'Oréal in the hygiene products sector for events that took place in the early 2000s. On 27 October 2016, the Paris Court of Appeal upheld this first instance decision. L'Oréal refutes all accusations of concerted practices with its competitors and regrets that the French competition authority did not take into account the highly competitive French market in household and hygiene products as illustrated by the number of manufacturers and retailers present on the market, the large choice of products available to consumers, and the high degree of innovation and number of product launches.

Following an appeal lodged by L'Oréal, 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 by the end of 2023 or early 2024.

It should be noted that since the appeal and Cassation appeal do not entail a stay in the judgement, the fine provisioned at the end of 2014 was paid on 28 April 2015.

At 30 June 2023, the provision was maintained in liabilities and the payment recognised in Other current assets.

Following this ruling, the distributors filed lawsuits for damages against L'Oréal. These proceedings are in initial stages or resulted in dismissals by the courts. These proceedings are still ongoing. L'Oréal contests the merits of these claims and denies that any damages occurred.

A provision has been set aside for all disputes still in progress at 30 June 2023 amounting to €192.2 million at 30 June 2023 unchanged from the provision at 30 June 2022 and 31 December 2022.

At the present time, no other exceptional events or disputes are highly likely to have a material impact on the earnings, financial situation, assets, or operations of the Company or the L'Oréal Group.

NOTE 12. Subsequent events

No significant events occurred between the balance sheet date and the date when the Board of Directors authorised the condensed half-year consolidated financial statements for issue.

3 Statutory auditors' review report on the 2023 half-year financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the period from 1st January to 30 June 2023

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of L'Oréal for the six months ended 30 June 2023,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 28th, 2023

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
David Dupont-Noel	Celine Eydieu-Boutte

4 Declaration by the person responsible for the 2023 half-year financial report

I declare that, to the best of my knowledge, the summary consolidated financial statements for the ending semester have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit and loss of the Company and all the other companies included in the scope of consolidation, and that this Half-year Activity Report includes a fair review of the important events which occurred during the first six months of the year, their impact on the half-year financial statements and the main transactions between related parties, and describes the principal risks and uncertainties for the remaining six months of the year.

Clichy, 27th July 2023,

On the authority of the Chief Executive Officer

Christophe Babule

Executive Vice-President, Administration and Finance

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For the full version of the
2022 Universal Registration Document

visit www.loreal-finance.com
or the L'Oréal Finance app

Incorporated in France as a
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