

## 6.9. Statutory Auditor's Report on the Financial Statements

### Year ended December 31, 2022

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

### L'OREAL

14, rue Royale  
75008 Paris

To the Annual General Meeting of L'Oréal,

### Opinion

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

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

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

### Basis for Opinion

#### Audit Framework

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

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

#### Independence

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

### Justification of assessments - Key Audit matters

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

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

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

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

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

Risk identified	Our response
<p>As described in Notes 1.6 and 1.8 to the financial statements, their value is examined annually by reference to their value in use, which takes into account:</p> <ul style="list-style-type: none"> <li>for investments : the current and projected profitability of the holding concerned and the share of equity held;</li> <li>for intangible assets: discounted future cash flows.</li> </ul> <p>Estimating the value in use of these assets requires Management judgment in determining future cash flow projections and key assumptions.</p> <p>Given the weight of investments and intangible assets in the balance sheet and the uncertainties inherent in certain items, including the realization of forecasts used in the valuation of value in use, we considered the valuation of these assets to be a key audit issue with a risk of material misstatement.</p>	<p>We assessed the reasonableness of the key estimates and more specifically:</p> <ul style="list-style-type: none"> <li>the consistency of revenue projections and margin rates, compared to past performance and the economic and financial context;</li> <li>corroboration of the growth rates used with the performance analyses of the global cosmetics market, taking into account the specificities of the local markets and distribution channels in which the Group operates;</li> <li>discount rates applied to future cash flows by comparing the parameters composing them with external references, by integrating valuation experts into our team.</li> </ul>

## Valuation of provisions for liabilities and charges and contingent liabilities

See note Accounting principles 1.12 - Provisions for liabilities and charges, note 18 - Provisions for liabilities and charges (excluding subsidiaries and interests) and note 24.3 - Contingent liabilities, to the financial statements

Risk identified	Our response
<p>In the normal course of its activities, the Company is involved in legal proceedings and is subject to fiscal, customs and administrative controls.</p> <p>Provisions are made to deal with probable resource outflows for the benefit of third parties, without compensation for your Company. They mainly concern risks and disputes of a commercial and financial nature, as well as risks with administrations and related to personnel. They are estimated taking into account the most probable assumptions or using statistical methods depending on the nature of the provisions.</p> <p>The significant provisions concern in particular the situation of litigation with the competition authority and the risks with the administrations mentioned in Note 18 to the <i>financial statements</i>.</p> <p>Provisions for liabilities and charges amounted to M€ 597 at December 31, 2022.</p> <p>The identification and assessment of these elements is considered to be a key audit matter given:</p> <ul style="list-style-type: none"> <li>the high level of Management judgment required to determine the risks to be provisioned and to assess with sufficient reliability the amounts to be provisioned;</li> <li>the potentially material impact of these provisions on the Company's earnings.</li> </ul>	<p>In order to identify and obtain an understanding of all existing disputes and liabilities, as well as the related judgments, we made inquiries with the General Management and the Legal and Tax Departments.</p> <p>We familiarized ourselves with the internal control framework put in place to identify and assess these risks. We corroborated the list of identified tax disputes with information provided by the Company's tax departments and key tax advisors. We corroborated the list of identified disputes with information provided by the Company's leading law firms we interviewed.</p> <p>For major litigation for which a liability is made, we assessed the quality of Management's estimates by considering the data and assumptions used and the calculations made. We also conducted a retrospective analysis by comparing the amounts paid over the last few years with the amounts previously provisioned.</p> <p>We have, if necessary by integrating tax experts into our team, carried out the following procedures:</p> <ul style="list-style-type: none"> <li>we have reviewed procedural matters and/or tax or technical opinions rendered by external advisors selected by Management to assess the appropriateness of a liability;</li> <li>based on the information provided to us, we have critically reviewed the risk estimates and verified that Management's assessments are within these acceptable ranges;</li> <li>where relevant, we have checked the permanence of the methods used for these evaluations.</li> </ul> <p>With regard to contingent liabilities, we have, where appropriate by integrating tax experts into our team, reviewed procedural elements and/or tax or technical opinions issued by external advisors selected by Management in order to assess the merits of a lack of funds.</p>

## Recognition of sales – estimation of items deducted from sales

See notes 1.1 – Accounting principles – Sales and 2 – Sales to the financial statements

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

## Specific Verifications

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

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

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

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

### Information relating to Corporate Governance

We attest that the section of the Board of Director's management report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

### Other information

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

## Report on Other Legal and Regulatory Requirements

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

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditor regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, 1 of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of December 17, 2018. On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

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

### Appointment of the Statutory Auditors

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

As at December 31, 2022, DELOITTE & ASSOCIES was in the nineteenth year of total uninterrupted engagement and ERNST & YOUNG Audit in the first year.

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

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

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

## Statutory Auditors' Responsibilities for the Audit of the Financial Statements

### Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

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

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Report to the Audit Committee

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

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

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense , February 17, 2023

The Statutory Auditors  
*French original signed by*

DELOITTE & ASSOCIES  
David Dupont-Noel

ERNST & YOUNG Audit  
Céline Eydiou-Bouffé