

2021 Annual Results

A HISTORIC YEAR: +16.1% GROWTH ¹, TWICE THE BEAUTY MARKET GROWTH VERY STRONG INCREASE IN PROFITS

- **Sales: 32.28 billion euros**
 - +16.1% like-for-like ¹
 - +16.9% at constant exchange rates
 - +15.3% based on reported figures
- **Sales growth compared to 2019: +11.3% like-for-like**
- **Record operating profit: 6.16 billion euros, 19.1% of sales**
- **Earnings per share ²: 8.82 euros, an increase of +20.9%**
- **Dividend ³: 4.80 euros, an increase of +20%**

The L'Oréal Board of Directors met on 9 February 2022, under the chairmanship of Jean-Paul Agon and in the presence of the Statutory Auditors. The Board closed the consolidated financial statements and the financial statements for 2021.

Commenting on the figures, Nicolas Hieronimus, Chief Executive Officer of L'Oréal, said:

"2021 was a historic year for L'Oréal. Thanks to the expertise, passion and commitment of our 85,400 L'Oréalians around the world, the Group achieved record growth of +16.1%¹, twice that of the worldwide beauty market. L'Oréal gained market share in all Zones, Divisions and categories. Over two years, the Group achieved growth of +11.3% like-for-like, spectacularly outperforming a market that had returned almost to 2019 levels.

In 2021, all stars aligned for this historic performance.

In terms of Zones, North America made a strong comeback and joined North Asia as the primary growth contributor. In Europe, boosted by the Zone's reorganisation, L'Oréal achieved significant market share gains and saw a return to 2019 levels. With an extremely volatile public health situation in SAPMENA-SSA ⁴ and Latin America, L'Oréal demonstrated agility and delivered solid performance.

L'Oréal Luxe became the Group's largest Division, with remarkable success in fragrances, while the Consumer Products Division, the largest Division by volume, strengthened its position, with noteworthy performance in makeup. The fast-growing Professional Products Division continued its far-reaching transformation and became truly omnichannel. With a portfolio of brands that perfectly matches consumers' health aspirations, Active Cosmetics also achieved spectacular growth, doubling in four years.

¹ Like-for-like: based on a comparable structure and identical exchange rates.

² Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

³ Proposed at the Annual General Meeting of 21 April 2022.

⁴ SAPMENA – SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa

In 2021, we again extended our digital lead: e-commerce ⁵ grew by +25.7% ⁶, accounting for 28.9% of sales. We have been able to seize the opportunities offered by new digital channels. At the same time, we are continuing to digitalise points of sale as part of an integrated omnichannel strategy.

We are also pursuing our Beauty Tech transformation by investing in data and artificial intelligence, and by establishing strategic partnerships such as our alliance with Verily, to better understand and characterise skin and hair aging mechanisms.

L'Oréal's exceptional growth, driven by superior innovations, as well as rigorous cost control, has enabled us to invest extensively in our brands and increase their appeal, while at the same time delivering record operating profit and an operating margin up 50 basis points.

We are also proud of our social and environmental performance, which reflects our ambition to grow responsibly and share value with all our stakeholders. First of all, with our employees, whom we associate with these exceptional results through a record redistribution of profit-sharing schemes. Furthermore, to promote youth employment, last year we offered more than 18,300 job opportunities to young people under 30 as part of our new global "L'Oréal For Youth" programme, which has an ambitious target of 25,000 opportunities per year from 2022 to 2025. Our efforts to support gender parity were also recognised by the Bloomberg Gender-Equality Index. In addition, L'Oréal USA, our largest subsidiary, achieved carbon neutrality for all its sites in 2021, some four years ahead of our L'Oréal for the Future commitments. L'Oréal is the only company in the world to have been awarded an AAA score by CDP six years in a row, for environmental leadership in tackling climate change, protecting forests and ensuring water security.

The end of the year was marked by the strategic transaction consisting of the buyback by L'Oréal of 4% of its own shares held by Nestlé, which strengthens our shareholder structure, a key asset in the Group's long-term success.

In a global context that remains volatile at the beginning of the year, we are confident in our ability to outperform the market in 2022 and achieve another year of growth in both sales and profits."

Annual General Meeting to be held on 21 April 2022

The Annual General Meeting will take place on 21 April 2022 at 10:00am. Shareholders will be invited through the usual channels. The meeting will take into account the latest developments in the currently changing public health conditions.

Shareholders are advised to check regularly the "Annual General Meeting" section on the loreal-finance.com website for updates concerning the Annual General Meeting.

Composition of the Board of Directors and its Committees

Meeting on 9 February 2022, the Board of Directors decided to propose to the Annual General Meeting of 21 April 2022 the renewal of the tenure as director of Mr Jean-Paul Agon, Mr Patrice Caine and Ms Belén Garijo for a four-year term.

If the Annual General Meeting approves Mr Agon's renewed tenure as director, the Board meeting held after this Meeting will be asked to reappoint him in his capacity as Chairman of the Board of Directors.

If the Annual General Meeting approves the proposed resolutions, the Board of Directors will continue to be composed of 16 directors, i.e. 14 directors appointed by the Meeting and two directors representing the employees.

The balance in terms of independence and diversity will remain unchanged:

- Seven independent directors out of 14 directors appointed by the Annual General Meeting, i.e. 50%.
- Seven women and seven men out of 14 directors appointed by the Annual General Meeting, i.e. parity at 50%.

⁵ Sales on our brands' own websites + estimated sales by our brands via retailer websites (non-audited data).

⁶ Like-for-like: based on a comparable structure and identical exchange rates.

2021 SALES

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the sales growth of the L'Oréal group was +16.1%.

The net impact of changes in the scope of consolidation was +0.8%.

Growth at constant exchange rates came out at 16.9%.

At the end of 2021, **currency fluctuations** had a negative impact of -1.6%.

Based on reported figures, the Group's sales, at 31 December 2021, amounted to 32.28 billion euros, an increase of +15.3%.

Sales by Division and Geographic Zone

	4 th quarter 2021			At 31 December 2021		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
<u>By Division</u>						
Professional Products	1,059.6	+15.5%	+18.5%	3,783.9	+24.8%	+22.2%
Consumer Products	3,290.5	+6.5%	+10.0%	12,233.5	+5.6%	+4.5%
L'Oréal Luxe	3,753.9	+11.4%	+16.5%	12,346.2	+20.9%	+21.3%
Active Cosmetics	990.3	+24.0%	+28.4%	3,924.0	+31.8%	+30.3%
Group total	9,094.4	+11.2%	+15.4%	32,287.6	+16.1%	+15.3%
<u>By geographic Zone</u>						
Europe	2,759.8	+9.5%	+11.5%	10,184.8	+10.1%	+10.7%
North America	2,179.3	+19.6%	+25.1%	8,155.9	+22.2%	+18.1%
North Asia	3,026.6	+7.3%	+12.9%	9,863.3	+17.6%	+18.6%
SAPMENA – SSA ⁷	661.3	+14.9%	+14.2%	2,312.0	+13.9%	+10.0%
Latin America	467.4	+8.1%	+16.2%	1,771.5	+20.6%	+20.6%
Group total	9,094.4	+11.2%	+15.4%	32,287.6	+16.1%	+15.3%

⁷ SAPMENA – SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa

Summary by Division

PROFESSIONAL PRODUCTS

The Professional Products Division ended the year with strong growth: +24.8% like-for-like and +22.2% based on reported figures.

The Division maintained its upward momentum and achieved historic market share gains across all Zones, with remarkable performance in the United States and mainland China in particular. The benefits of its omnichannel strategy were reflected in the recovery of in-salon sales, the exceptional performance of the SalonCentric distribution channel in the United States as well as a strong increase in e-commerce.

Haircare remained the number one growth category. *Kérastase* had a spectacular year, driven by the success of *Curl Manifesto*. *L'Oréal Professionnel*, thanks to its disruptive innovation *Metal Detox*, and *Redken*, with its new *Acidic Bonding Concentrate* line, also recorded strong growth. Hair colour made a very strong recovery, thanks in particular to the success of *Shades EQ* by *Redken* and *Dialight* by *L'Oréal Professionnel*.

As an industry leader, the Division is encouraging all its partner hairstylists to engage in the sustainable transition by launching its "Hairstylists for the Future" programme.

CONSUMER PRODUCTS

The Consumer Products Division grew by +5.6% like-for-like and +4.5% reported, with +6.5% like-for-like growth in the fourth quarter.

The Division gained market share in 2021. The momentum is strong in the United States as well as in high-potential markets, including India, Brazil, Mexico and Indonesia. Growth was driven by the development of e-commerce, in all the Zones and notably in emerging markets.

All major brands grew, with an exceptional run of innovations in all categories: in makeup, with *Sky High* mascara by *Maybelline*, which was the most successful launch in the brand's history; in haircare, with premium innovations such as *Dream Lengths Wonder Water* by *Elsève*, or *L'Oréal Fall Resist* in mainland China; and in skincare, with *Garnier's* hugely successful *Vitamin C Serum* in many countries in the SAPMENA and Latin America Zones. *NYX Professional Makeup* also had an exceptional year, boosted by major launches and new types of partnerships, such as the one with hit Netflix series *Money Heist (La Casa de Papel)*. *L'Oréal Paris* strengthened its position as the world's number one beauty brand with sales exceeding 6 billion euros.

L'ORÉAL LUXE

L'Oréal Luxe recorded strong growth at +20.9% like-for-like and +21.3% reported, in a global luxury beauty market that confirmed its recovery and saw a return close to pre-Covid levels.

The Division achieved remarkable, balanced performance, by category, geographic Zone and distribution network, and has become the largest Division of the Group. L'Oréal Luxe took full advantage of the complementarity between its distribution channels, with a balanced acceleration of online and offline sales.

L'Oréal Luxe gained market share in its three categories. The ultra-premium brands *Lancôme Absolu*e and *Helena Rubinstein*, and anti-aging innovations such as *Retinol Skin-Renewing Daily Micro-Dose Serum* by *Kiehl's* performed very well in skincare. The Division consolidated its leadership in fragrances, driven by the strength of established icons like *Libre* by *Yves Saint Laurent* and by promising launches like *Alien Goddess* by *Mugler* and *Luna Rossa Ocean* by *Prada*. In a less dynamic makeup market, performance was driven by *Lancôme* and *Shu Uemura*.

The Division strengthened its position across all Zones, recording significant market share gains in North Asia and excellent performance in Europe. Following the reorganisation of its distribution network in North America, sales are again accelerating in this Zone.

At the end of the year, L'Oréal Luxe finalised the acquisition of *Youth to the People*.

ACTIVE COSMETICS

The Active Cosmetics Division ended the year with exceptional growth at +31.8% like-for-like and +30.3% reported.

The Division significantly outperformed a booming dermocosmetics market in 2021, with health having become a core concern for consumers. It strengthened an already solid relationship with healthcare professionals and confirmed its leadership in dermocosmetic recommendations.

Active Cosmetics posted strong growth across all Zones, with exceptional performance in North America and North Asia. Offline sales saw a return to strong double-digit growth and online sales were exceptionally buoyant, exceeding one billion euros.

The Division's major brands reported vigorous growth. *La Roche-Posay* more than doubled its growth rate compared with 2020, thanks to cutting edge innovations such as *Effaclar* serum and *Lipikar EczemaMED*, which is revolutionising the treatment of eczema. *Vichy* strengthened its leadership in anti-aging in Europe, particularly in skincare for menopausal women, while accelerating in Latin America and North America. *SkinCeuticals* continued to gather momentum, with the success of *Silymarin CF* confirming its antioxidant expertise. *CeraVe* saw spectacular growth for the second year running, in both the United States and the rest of the world.

Summary by geographic Zone

EUROPE

The Zone ended the year up +10.1% like-for-like and +10.7% reported, and is almost back to its 2019 level like-for-like.

The beauty market recovered across Europe in 2021 but remained below 2019 levels. L'Oréal significantly outperformed the European market, driven by a new surge in its online sales and digital leadership. The Group strengthened its position in the vast majority of countries, particularly the United Kingdom, Germany, France, Russia and the Scandinavian countries. It also gained market share in all its strategic categories: skincare, haircare, makeup and fragrances.

Active Cosmetics delivered particularly dynamic growth, driven by the continued success of *CeraVe* and *La Roche-Posay*. Despite the closure of salons in several countries at the beginning of the year, the Professional Products Division returned to significantly higher performance levels than in 2019, thanks to keen interest in its entire catalogue and the success of *Kérastase* and *L'Oréal Professionnel* innovations. L'Oréal Luxe confirmed its leadership in fragrances, with excellent starts for *Alien Goddess* by *Mugler* and *Luna Rossa Ocean* by *Prada*, and the strengthening of mainstays like *La Vie Est Belle* by *Lancôme* and *Libre* by *Yves Saint Laurent*. The Consumer Products Division meanwhile continued to gain market share in makeup.

NORTH AMERICA

The Zone ended the year at +22.2% like-for-like and +18.1% based on reported figures.

In a year still impacted by the pandemic and supply chain pressures, the Zone recorded market share gains in all Divisions and continued to grow both online and offline, as brick-and-mortar outlets reopened. The strong launch plan helped win over consumers and secure their loyalty.

Thanks to the success of breakthrough innovations such as *Maybelline Sky High* mascara and *Infallible* powder by *L'Oréal Paris*, the Consumer Products Division reported growth over two years in the makeup category. Following the reorganisation of its distribution network, L'Oréal Luxe freed up resources allowing it to accelerate growth, with highly successful launches in the fragrances category, including *Ralph's Club* by *Ralph Lauren* and *Luna Rossa Ocean* by *Prada*. The Professional Products Division saw tremendous growth, led by *SalonCentric*. *Redken* was a standout brand, driven by the launch of *Acidic Bonding Concentrate*. The Active Cosmetics Division recorded spectacular growth; *CeraVe* confirmed its position as the most recommended skincare brand.

NORTH ASIA

The Zone ended the year at +17.6% like-for-like and +18.6% reported.

L'Oréal significantly strengthened its position across all Divisions and had a good year, despite public health restrictions and their adverse effect on footfall.

In the Zone, L'Oréal Luxe continued to gain market share, with the success of premium skincare *Lancôme Absolue* and *Helena Rubinstein*, and strong performance of *Yves Saint Laurent* and *Shu Uemura*. *Kérastase* was the growth driver of the Professional Products Division. Active Cosmetics growth continued, fueled by *La Roche-Posay* and *SkinCeuticals*. With a remarkable acceleration of its premium haircare range, *L'Oréal Paris* boosted the performance of the Consumer Products Division.

In mainland China, L'Oréal reported strong double-digit growth in 2021, twice that of the beauty market. In the fourth quarter, despite a slowdown compared to a very high base in 2020, the beauty market remained much more buoyant than in 2019. In the last quarter, L'Oréal China achieved like-for-like growth of more than 50% compared with 2019. During the Double 11 festival on Tmall, L'Oréal broke all records and reported further market share gains, confirming its brands' appeal to Chinese consumers. The iconic consumer event established *L'Oréal Paris* and *Lancôme* as the beauty market No.1 and No.3; *Yves Saint Laurent* took the top slot in makeup, while *Kérastase* led the field in haircare. Winning the Best Innovation award from ByteDance (TikTok) demonstrates L'Oréal China's edge in terms of digital activation and brand building.

Travel Retail also continued to grow well thanks to its booming business in Hainan, while maintaining the appeal of Group brands.

SAPMENA – SSA ⁸

The Zone grew by +13.9% like-for-like and +10.0% based on reported figures.

In SAPMENA, in a volatile context related to the resurgence of the pandemic, e-commerce accelerated. In South-East Asia, L'Oréal saw a return to pre-Covid levels in the fourth quarter, with Vietnam achieving remarkable performance, boosted by the online sales boom. The Pacific countries recovered thanks to the plans put in place to stimulate demand. India and Pakistan continued to deliver solid performance. The Gulf region, hosting the World Expo in Dubai, maintained growth momentum.

The Consumer Products Division recorded good performance, thanks to *Garnier's* haircare lines and the gradual recovery of *Maybelline New York*. *L'Oréal Luxe* reported exceptional performance in fragrances, with *Yves Saint Laurent* and *Armani*. Growth for the Professional Products Division was driven by *Kérastase*. The Active Cosmetics Division continued to deliver dynamic growth in skincare, powered by *La Roche-Posay* and *CeraVe*.

The SSA Zone experienced dynamic growth over the year. The Active Cosmetics Division recorded remarkable performance, thanks to the exceptional dynamism of *La Roche-Posay*. *L'Oréal Luxe* achieved strong market share gains in fragrances in South Africa. The Consumer Products Division saw very strong performance from *Dark & Lovely* and *Nice & Lovely*, as well as *Maybelline New York*.

⁸ SAPMENA – SSA: South Asia Pacific, Middle East, North Africa, Sub-Saharan Africa

LATIN AMERICA

In 2021, the Zone posted strong growth: +20.6% like-for-like and +20.6% reported.

Distribution channels were fully open in the second half of the year, following the temporary store closures in the first half. Although malls and professional salons experienced lower footfall throughout the year, the beauty market nonetheless reported strong growth.

Against this backdrop, L'Oréal achieved significant market share gains, with remarkable performance in Mexico, Brazil and Chile. Growth was driven by e-commerce and offline sales: the Group's brands welcomed consumers returning to stores with targeted activation, while continuing their digital engagement and online activation, leveraging key online events such as Buen Fin and Black Friday.

Major categories posted strong growth, driven by the launch of superior innovations as well as the success of iconic brands and products, most notably in haircare, skincare and fragrances. L'Oréal Paris increased its market share gains in Brazil, Mexico and Chile, thanks to the highly successful launch of *Elsève Hydra Hialurónico* and the activation of *Revitalift*. *La Roche-Posay* posted significant market share gains; continuing to grow rapidly, *CeraVe* more than doubled its sales in the Zone.

IMPORTANT EVENTS DURING THE PERIOD 1/10/21 TO 31/12/21 AND POST-CLOSING EVENTS

- On 26 October, L'Oréal won the **"Parité du Top 100" Special Award** given at the 8th edition of the Awards for the Feminisation of the Governing Bodies of SBF120 companies, presented by the French Ministry for Gender Equality, Diversity and Equal Opportunities.
- Also on 26 October, L'Oréal announced the **launch of the largest ever fragrance disclosure model**, to strengthen its commitment to transparency and enable consumers to make more informed purchase decisions. To develop the new tool, L'Oréal worked hand in hand with four international leaders in fragrance creation: Firmenich, Givaudan, IFF and Mane.
- On 3 November, L'Oréal received **HRH The Prince of Wales's Terra Carta 2021 Seal**, which recognises global companies driving innovation and demonstrating their commitment to, and momentum towards, the creation of genuinely sustainable markets.
- On 16 November, **L'Oréal Water Saver** was named a **top innovation of 2021 by TIME Magazine**. Developed in partnership with environmental innovation company Gjosa, the L'Oréal Water Saver is a one-of-a kind showerhead that can reduce water consumption by as much as 65%. Equipping 100,000 salons with this technology could potentially save up to 6.8 billion litres of water.
- On 7 December, L'Oréal was recognised for leadership in corporate sustainability by global environmental non-profit CDP. L'Oréal is the only company in the world to have been **awarded an AAA score by CDP six years in a row**, covering the organisation's three areas of focus: climate change, water security and forest conservation.
- On 13 December, L'Oréal was **recognised by S&P for its outstanding sustainability performance**, receiving a score of 85 out of 100, one of the world's highest Environmental, Social & Governance (ESG) ratings.
- On 29 December, L'Oréal completed its **acquisition of Youth to the People**, an American company based in California that develops high-performance skincare products, known for their innovative, science-based formulas combining premium vegan superfood extracts.
- On 3 January 2022, at CES 2022, L'Oréal unveiled its latest **Beauty Tech innovations to reinvent the entire hair-colouring category**. **Colorsonic** and **Coloright** are user-design breakthroughs set to transform the at-home and in-salon experience for consumers and professionals.
- On 20 January 2022, **L'Oréal and Verily, an Alphabet precision health company, announced an exclusive beauty partnership** to advance skin health. The first-of-its kind partnership in the beauty industry is expected to entail two programmes aimed at better understanding and characterising skin and hair aging mechanisms. It will also inform L'Oréal's precision Beauty Tech strategy and product development.
- On 26 January 2022, L'Oréal was recognised by **Bloomberg Gender-Equality Index 2022** for the 5th consecutive year, for having successfully created an inclusive and equal work environment. This reference index measures gender equality across five pillars: female leadership & talent pipeline, equal pay & gender pay parity, inclusive culture, anti-sexual harassment policies, as well as pro-women brand.
- On 9 February 2022, the Board of Directors of L'Oréal cancelled the 22,260,000 L'Oréal shares repurchased from Nestlé, in accordance with the Board's decisions on 7 December 2021, effective as of 10 February 2022. As of 10 February 2022, **L'Oréal's capital** will be formed by 535,412,372 shares with equivalent voting rights.

2021 RESULTS

Audited financial statements, certification in progress.

Operating profitability at 19.1% of sales

Consolidated profit and loss accounts: from sales to operating profit.

	2020		2021	
	€m	% sales	€m	% sales
Sales	27,992.1	100.0%	32,287.6	100,0%
Cost of sales	-7,532.3	26.9%	-8,433.3	26.1%
Gross profit	20,459.8	73.1%	23,854.3	73.9%
R&I expenses	-964.4	3.4%	-1,028.7	3.2%
Advertising and promotion expenses	-8,647.9	30.9%	-10,591.0	32.8%
Selling, general and administrative expenses	-5,638.5	20.1%	-6,074.2	18.8%
Operating profit	5,209.0	18.6%	6,160.3	19.1%

Gross profit, at 23,854 million euros, came out at 73.9% of sales, compared with 73.1% in 2020, an improvement of 80 basis points.

Research & Innovation expenses, at 3.2% of sales, exceed one billion euros.

Advertising and promotion expenses increased by 190 basis points, at 32.8% of sales.

Selling, general and administrative expenses, at 18.8% of sales, decreased by 130 basis points.

Overall, **operating profit** increased by 18.3% to 6,160 million euros, and amounted to 19.1% of sales, an improvement of 50 basis points.

Operating profit by Division

	2020		2021	
	€m	% sales	€m	% sales
By Division				
Professional Products	581.7	18.8%	806.9	21.3%
Consumer Products	2,388.1	20.4%	2,466.0	20.2%
L'Oréal Luxe	2,275.9	22.4%	2,816.3	22.8%
Active Cosmetics	766.0	25.4%	990.5	25.2%
Divisions total	6,011.6	21.5%	7,079.7	21.9%
Non-allocated ⁹	-802.6	-2.9%	-919.4	-2.8%
Group	5,209.0	18.6%	6,160.3	19.1%

The profitability of the **Professional Products Division** came out at 21.3% in 2021, an improvement of 250 basis points.

The profitability of the **Consumer Products Division**, at 20.2%, decreased by 20 basis points.

The profitability of **L'Oréal Luxe** improved by 40 basis points, at 22.8%.

The profitability of the **Active Cosmetics Division** came out at 25.2%, a decrease of 20 basis points.

Non-allocated expenses amounted to 919.4 million euros.

⁹ Non-allocated = Central Group expenses, fundamental research expenses, free grant of shares expenses and miscellaneous items.

Net profit

Consolidated profit and loss accounts: from operating profit to net profit excluding non-recurring items.

€m	2020	2021	Growth
Operating profit	5,209.0	6,160.3	+18.3%
<i>Financial revenues and expenses excluding Sanofi dividends</i>	-95.9	-59.6	
<i>Sanofi dividends</i>	372.4	378.3	
Profit before tax excluding non-recurring items	5,485.5	6,478.9	+18.1%
<i>Income tax excluding non-recurring items</i>	-1,383.1	-1,535.6	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	+0.9	+0.6	
<i>Non-controlling interests</i>	-4.2	-5.5	
Net profit excluding non-recurring items after non-controlling interests	4,099.0	4,938.5	+20.5%
EPS ¹⁰ (€)	7.30	8.82	+20.9%
Net profit after non-controlling interests	3,563.4	4,597.1	+29.0%
Diluted EPS after non-controlling interests (€)	6.34	8.21	
Diluted average number of shares	561,635,963	559,791,545	

Net finance costs amounted to 59 million euros.

Sanofi dividends amounted to 378 million euros.

Income tax excluding non-recurrent items amounted to 1,535 million euros, representing a tax rate of 23.7%.

Net profit excluding non-recurring items after non-controlling interests amounted to 4,938 million euros.

Earnings per share ¹⁰, at 8.82 euros, increased by 20.9%.

Non-recurring items after non-controlling interests ¹¹ amounted to 341.4 million euros net of tax.

Net profit after non-controlling interests came out at 4,597 million euros, increasing by 29.0%.

Cash flow statement, Balance sheet and Cash position

Gross cash flow amounted to 6,640 million euros, an increase of 16%.

The **working capital requirement** decreased by 88 million euros.

At 1,075 million euros, **investments** represented 3.3% of sales.

Net cash flow ¹² at 5,653 million euros, increased by 3.1%.

The **balance sheet** remains solid, with shareholders' equity amounting to 23.6 billion euros. On 7 December 2021, L'Oréal repurchased from Nestlé 22,260,000 of its own shares. At the end of December 2021, the net debt of the Group amounted to 3,586 million euros, including 1,670 million euros of finance lease liabilities.

¹⁰ Diluted earnings per share, based on net profit, excluding non-recurring items, after non-controlling interests.

¹¹ Non-recurring items include impairment of assets, net profit of discontinued operations, restructuring costs and tax effects of non-recurring items.

¹² Net cash flow = Gross cash flow + changes in working capital - capital expenditure.

Proposed dividend at the Annual General Meeting of 21 April 2022

The Board of Directors has decided to propose to the shareholders' Annual General Meeting of 21 April 2022 a dividend of 4.80 euros per share, an increase of +20.0% compared with the dividend paid in 2021. The dividend will be paid on 29 April 2022 (ex-dividend date 27 April at 0:00 a.m., Paris time).

Share capital

At 31 December 2021, the capital of the company is formed by 557,672,360 shares. As of 10 February 2022, the capital will be formed by 535,412,372 shares, each with one voting right.

"This news release does not constitute an offer to sell, or a solicitation of an offer to buy L'Oréal shares. If you wish to obtain more comprehensive information about L'Oréal, please refer to the public documents registered in France with the Autorité des Marchés Financiers, also available in English on our Internet site www.loreal-finance.com.

This news release may contain some forward-looking statements. Although the Company considers that these statements are based on reasonable hypotheses at the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual results to differ materially from those indicated or projected in these statements."

This is a free translation into English of the 2021 Annual Results news release issued in the French language and is provided solely for the convenience of English-speaking readers. In case of discrepancy, the French version prevails.

About L'Oréal

For over 100 years, L'Oréal the world's leading beauty player, has devoted itself to one thing only: fulfilling the beauty aspirations of consumers around the world. Our purpose - to create the beauty that moves the world - defines our approach to beauty as inclusive, ethical, generous and committed to social and environmental sustainability. With our broad portfolio of 35 international brands and ambitious sustainability commitments in our L'Oréal For The Future programme, we offer each and every person around the world the best in terms of quality, efficacy, safety, sincerity and responsibility, while celebrating beauty in its infinite plurality.

With 85,400 committed employees, a balanced geographical footprint and sales across all distribution networks (e-commerce, mass market, department stores, pharmacies, hair salons, branded and travel retail) in 2021 the Group generated sales amounting to 32.28 billion euros. With 20 research centers across 11 countries around the world, a dedicated Research and Innovation team of 4 000 scientists and over 3,000 tech professionals, L'Oréal is focused on inventing the future of beauty and becoming a Beauty Tech powerhouse.

More information on <https://www.loreal.com/en/mediaroom>

L'ORÉAL CONTACTS

	Individual Shareholders and Market Authorities	Investor relations	Journalists
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APPENDICES

Appendix 1: L'Oréal group sales 2020/2021 (€ million)

	2020	2021		
	€m	€m	Like-for-like evolution	Reported evolution
First quarter	7,225.2	7,614.5	+10.2%	+5.4%
Second quarter	5,851.3	7,582.1	+33.5%	+29.6%
First half total	13,076.5	15,196.6	+20.7%	+16.2%
Third quarter	7,036.8	7,996.6	+13.1%	+13.6%
Nine months total	20,113.3	23,193.1	+18.0%	+15.3%
Fourth quarter	7,878.8	9,094.4	+11.2%	+15.4%
Full year total	27,992.1	32,287.6	+16.1%	+15.3%

Appendix 2: Compared consolidated income statements

<i>€ millions</i>	2021	2020	2019
Net sales	32,287.6	27,992.1	29,873.6
Cost of sales	-8,433.3	-7,532.3	-8,064.7
Gross profit	23,854.3	20,459.8	21,808.9
Research & Innovation expenses	-1,028.7	-964.4	-985.3
Advertising and promotion expenses	-10,591.0	-8,647.9	-9,207.8
Selling, general and administrative expenses	-6,074.2	-5,638.5	-6,068.3
Operating profit	6,160.3	5,209.0	5,547.5
Other income and expenses	-432.0	-709.0	-436.5
Operational profit	5,728.3	4,500.0	5,111.0
Finance costs on gross debt	-38.0	-79.2	-75.4
Finance income on cash and cash equivalents	18.5	19.8	28.7
Finance costs, net	-19.4	-59.4	-46.7
Other financial income and expenses	-40.2	-36.5	-16.0
Sanofi dividends	378.3	372.4	363.0
Profit before tax and associates	6,046.9	4,776.5	5,411.4
Income tax	-1,445.4	-1,209.8	-1,657.2
Share of profit in associates	0.6	0.9	1.0
Net profit	4,602.2	3,567.6	3,755.2
Attributable to:			
• owners of the company	4,597.1	3,563.4	3,750.0
• non-controlling interests	5.1	4.2	5.2
Earnings per share attributable to owners of the company (euros)	8.24	6.37	6.70
Diluted earnings per share attributable to owners of the company (euros)	8.21	6.34	6.66
Earnings per share attributable to owners of the company, excluding non-recurring items (euros)	8.86	7.33	7.78
Diluted earnings per share attributable to owners of the company, excluding non-recurring items (euros)	8.82	7.30	7.74

Appendix 3: Consolidated statement of comprehensive income

€ millions	2021	2020	2019
Consolidated net profit for the period	4,602.2	3,567.6	3,755.2
<i>Cash flow hedges</i>	-203.7	129.1	2.9
<i>Cumulative translation adjustments</i>	610.5	-790.2	188.2
<i>Income tax on items that may be reclassified to profit or loss ⁽¹⁾</i>	41.5	-23.3	-1.9
Items that may be reclassified to profit or loss	448.3	-684.4	189.2
<i>Financial assets at fair value through other comprehensive income</i>	1,192.2	-1,269.1	1,650.6
<i>Actuarial gains and losses</i>	585.5	-225.6	-327.7
<i>Income tax on items that may not be reclassified to profit or loss ⁽¹⁾</i>	-181.7	97.8	29.7
Items that may not be reclassified to profit or loss	1,596.0	-1,396.9	1,352.6
Other comprehensive income	2,044.3	-2,081.3	1,541.8
CONSOLIDATED COMPREHENSIVE INCOME	6,646.5	1,486.3	5,297.0
Attributable to:			
• owners of the company	6,641.4	1,482.1	5,291.9
• non-controlling interests	5.1	4.2	5.1

⁽¹⁾ The tax effect is as follows:

€ millions	2021	2020	2019
<i>Cash flow hedges</i>	41.5	-23.3	-1.9
Items that may be reclassified to profit or loss	41.5	-23.3	-1.9
<i>Financial assets at fair value through other comprehensive income</i>	-37.3	40.4	-51.7
<i>Actuarial gains and losses</i>	-144.4	57.4	81.4
Items that may not be reclassified to profit or loss	-181.7	97.8	29.7
TOTAL	-140.2	74.5	27.8

Appendix 4: Compared consolidated balance sheets

ASSETS

<i>€ millions</i>	31.12.2021	31.12.2020	31.12.2019
Non-current assets	30,937.6	29,046.8	29,893.3
Goodwill	11,074.5	10,514.2	9,585.6
Other intangible assets	3,462.8	3,356.3	3,163.8
Right-of-use assets	1,507.6	1,525.3	1,892.3
Property, plant and equipment	3,266.2	3,225.2	3,644.3
Non-current financial assets	10,920.2	9,604.8	10,819.1
Investments accounted for under the equity method	9.9	11.1	10.9
Deferred tax assets	696.5	809.9	777.3
Current assets	12,075.8	14,560.1	13,916.5
Inventories	3,166.9	2,675.8	2,920.8
Trade accounts receivable	4,021.0	3,511.3	4,086.7
Other current assets	2,037.9	1,732.7	1,474.9
Current tax assets	136.2	234.4	148.1
Cash and cash equivalents	2,713.8	6,405.9	5,286.0
TOTAL	43,013.4	43,606.9	43,809.8

EQUITY & LIABILITIES

<i>€ millions</i>	31.12.2021	31.12.2020	31.12.2019
Equity	23,592.6	28,998.8	29,426.0
Share capital	111.5	112.0	111.6
Additional paid-in capital	3,265.6	3,259.8	3,130.2
Other reserves	19,092.2	18,642.5	16,930.9
Other comprehensive income	5,738.6	4,304.5	5,595.8
Cumulative translation adjustments	-279.1	-889.2	-99.2
Treasury shares	-8,940.2	—	—
Net profit attributable to owners of the company	4,597.1	3,563.4	3,750.0
Equity attributable to owners of the company	23,585.7	28,993.0	29,419.3
Non-controlling interests	6.9	5.8	6.7
Non-current liabilities	2,837.6	3,478.0	3,515.3
Provisions for employee retirement obligations and related benefits	360.6	1,013.5	772.9
Provisions for liabilities and charges	63.8	56.8	56.9
Non-current tax liabilities	344.8	397.9	310.2
Deferred tax liabilities	810.3	706.6	737.7
Non-current borrowings and debt	10.7	8.5	9.6
Non-current lease debt	1,247.5	1,294.7	1,628.0
Current liabilities	16,583.2	11,130.1	10,868.5
Trade accounts payable	6,068.1	4,764.5	4,658.4
Provisions for liabilities and charges	1,223.3	1,224.7	1,117.8
Other current liabilities	3,980.8	3,682.5	3,508.5
Income tax	268.9	215.1	334.8
Current borrowings and debt	4,619.4	856.4	841.2
Current lease debt	422.8	386.9	407.9
TOTAL	43,013.4	43,606.9	43,809.8

Appendix 5: Consolidated statements of changes in equity

€ millions	Common shares outstanding	Capital	Additional paid-in capital	Retained earnings and net profit	Other comprehensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non- controlling interests	Total equity
At 31.12.2018	559,625,527	112.1	3,070.3	19,847.8	4,242.1	-56.5	-287.4	26,928.4	5.2	26,933.6
Changes in accounting policy at 01.01.2019				-81.5				-81.5	—	-81.5
At 01.01.2019 ⁽¹⁾	559,625,527	112.1	3,070.3	19,766.3	4,242.1	-56.5	-287.4	26,847.0	5.2	26,852.2
<i>Consolidated net profit for the period</i>				3,750.0				3,750.0	5.2	3,755.2
<i>Cash flow hedges</i>					1.1			1.1	-0.1	1.0
<i>Cumulative translation adjustments</i>							174.1	174.1		174.1
<i>Hyperinflation</i>							14.1	14.1		14.1
Other comprehensive income that may be reclassified to profit and loss					1.1		188.2	189.3	-0.1	189.2
<i>Financial assets at fair value through other comprehensive income</i>					1,598.9			1,598.9		1,598.9
<i>Actuarial gains and losses</i>					-246.3			-246.3		-246.3
Other comprehensive income that may not be reclassified to profit and loss					1,352.6			1,352.6		1,352.6
Consolidated comprehensive income				3,750.0	1,353.7		188.2	5,291.9	5.1	5,297.0
Capital increase	1,491,678	0.3	59.9	-0.1				60.0		60.0
Cancellation of Treasury shares		-0.8		-803.0		803.8		—		—
Dividends paid (not paid on Treasury shares)				-2,176.7				-2,176.7	-3.6	-2,180.3
Share-based payment				144.4				144.4		144.4
Net changes in Treasury shares	-3,000,000					-747.3		-747.3		-747.3
Changes in the scope of consolidation								—		—
Other movements				-0.1				-0.1		-0.1
At 31.12.2019	558,117,205	111.6	3,130.2	20,681.0	5,595.8	—	-99.2	29,419.3	6.7	29,426.0
<i>Consolidated net profit for the period</i>				3,563.4				3,563.4	4.2	3,567.6
<i>Cash flow hedges</i>					105.6			105.6	0.2	105.8
<i>Cumulative translation adjustments</i>							-801.8	-801.8	-0.3	-802.1
<i>Hyperinflation</i>							11.9	11.9	—	11.9
Other comprehensive income that may be reclassified to profit and loss					105.6		-789.9	-684.3	-0.1	-684.4
<i>Financial assets at fair value through other comprehensive income</i>					-1,228.8			-1,228.8		-1,228.8
<i>Actuarial gains and losses</i>					-168.1			-168.1		-168.1
Other comprehensive income that may not be reclassified to profit and loss					-1,396.9		—	-1,396.9	—	-1,396.9
Consolidated comprehensive income				3,563.4	-1,291.3		-789.9	1,482.1	4.2	1,486.3
Capital increase	1,754,375	0.4	129.6	-0.2				129.8		129.8
Cancellation of Treasury shares								—		—
Dividends paid (not paid on Treasury shares)				-2,172.6				-2,172.6	-4.9	-2,177.5
Share-based payment				129.7				129.7		129.7
Net changes in Treasury shares								—		—
Changes in the scope of consolidation								—		—
Other movements				4.8				4.8	-0.1	4.7
At 31.12.2020	559,871,580	112.0	3,259.8	22,206.0	4,304.5	—	-889.1	28,993.0	5.8	28,998.8

⁽¹⁾ After taking account of the change in accounting policy pertaining to IFRS 15 "Revenue from Contracts with Customers".

<i>€ millions</i>	Common shares outstanding	Capital	Additional paid-in capital	Retained earnings and net profit ⁽²⁾	Other comprehensive income	Treasury shares	Cumulative translation adjustments	Equity attributable to owners of the company	Non- controlling interests	Total equity
At 31.12.2020	559,871,580	112.0	3,259.8	22,206.0	4,304.5	—	-889.1	28,993.0	5.8	28,998.8
Consolidated net profit for the period				4,597.1				4,597.1	5.1	4,602.2
<i>Cash flow hedges</i>					-161.9			-161.9	-0.3	-162.2
<i>Cumulative translation adjustments</i>							582.4	582.4	0.3	582.7
<i>Hyperinflation</i>							27.8	27.8		27.8
Other comprehensive income that may be reclassified to profit and loss					-161.9		610.2	448.3	—	448.3
<i>Financial assets at fair value through other comprehensive income</i>					1,154.9		—	1,154.9		1,154.9
<i>Actuarial gains and losses</i>					441.1		—	441.1		441.1
Other comprehensive income that may not be reclassified to profit and loss					1,596.0		—	1,596.0	—	1,596.0
Consolidated comprehensive income				4,597.1	1,434.1	—	610.2	6,641.4	5.1	6,646.5
Capital increase	800,780		5.8					5.8		5.8
Cancellation of Treasury shares		-0.5		-1,104.3		1,104.8		—		—
Dividends paid (not paid on Treasury shares)				-2,264.4				-2,264.4	-4.7	-2,269.1
Share-based payment				155.2				155.2		155.2
Net changes in Treasury shares	-25,260,000					-10,045.0		-10,045.0		-10,045.0
Changes in the scope of consolidation				—				—		—
Other movements ⁽²⁾				99.8	—			99.8	0.6	100.4
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

⁽²⁾ Of which €102.2 million pertaining to the IFRIC 2021 interpretation on IAS19 "Employee Benefits" on Attributing Benefit to Periods of Service.

Appendix 6: Compared consolidated statements of cash flows

€ millions	2021	2020	2019
Cash flows from operating activities			
Net profit attributable to owners of the company	4,597.1	3,563.4	3,750.0
Non-controlling interests	5.1	4.2	5.2
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation, provisions and non-current tax liabilities	1,781.0	2,028.1	1,958.3
• changes in deferred taxes	83.6	-10.1	-42.5
• share-based payment (including free shares)	155.2	129.7	144.4
• capital gains and losses on disposals of assets	0.5	3.6	-14.0
Other non-cash transactions	16.5	5.8	1.9
Share of profit in associates net of dividends received	1.3	-0.6	-1.0
Gross cash flow	6,640.4	5,724.1	5,802.3
Changes in working capital	88.0	729.2	460.5
Net cash provided by operating activities (A)	6,728.4	6,453.3	6,262.8
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	-1,075.2	-972.4	-1,231.0
Disposals of property, plant and equipment and intangible assets	14.5	26.6	16.6
Changes in other financial assets (including investments in non-consolidated companies)	-117.3	-66.5	-65.9
Effect of changes in the scope of consolidation	-455.7	-1,626.8	-9.3
Net cash from investing activities (B)	-1,633.7	-2,639.1	-1,289.6
Cash flows from financing activities			
Dividends paid	-2,352.1	-2,190.6	-2,221.1
Capital increase of the parent company	5.8	129.7	60.0
Disposal (acquisition) of Treasury shares	-10,060.9	—	-747.3
Purchase of non-controlling interests	—	—	—
Issuance (repayment) of short-term loans	3,939.4	-74.8	-354.9
Issuance of long-term borrowings	—	—	—
Repayment of long-term borrowings	—	-3.6	-0.6
Repayment of lease debt	-396.4	-451.8	-425.8
Net cash from financing activities (C)	-8,864.2	-2,591.1	-3,689.6
Net effect of changes in exchange rates and fair value (D)	77.4	-103.2	10.5
Change in cash and cash equivalents (A+B+C+D)	-3,692.1	1,119.9	1,294.0
Cash and cash equivalents at beginning of the year (E)	6,405.9	5,286.0	3,992.0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	2,713.8	6,405.9	5,286.0