

2021 Half-Year Results

**AN EXCEPTIONAL FIRST-HALF:
+20.7% LIKE-FOR-LIKE GROWTH**

FURTHER INCREASE IN PROFITABILITY

- **Sales: 15.19 billion euros**
 - +20.7% like-for-like¹
 - +21.8% at constant exchange rates
 - +16.2% based on reported figures
- **Exceptional growth at +33.5% in the second quarter¹**
- **Market share gains in all Divisions and all geographic Zones**
- **Strong acceleration in North America: +44.7%¹ in the second quarter**
- **E-commerce continues to post very strong growth at +29.2%²**
- **Operating margin at 19.7%, an increase of 170 basis points**
- **Significant increase in EPS³: +21.1% at €4.63**

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

"With the health situation still uncertain, the beauty market is gradually recovering and has recorded double-digit growth. As a result of the determination and continued commitment of our teams, that I wish to warmly thank, L'Oréal is significantly outperforming the market, with an exceptional second quarter. By the end of June, the Group posted a very strong increase and returned to its pre-Covid growth rate, up +6.6% like-for-like compared to the first half of 2019, with an acceleration of +8.4% in the second quarter compared to 2019.

L'Oréal recorded market share gains in all Divisions and all geographic Zones. This remarkable performance reflects the relevance and healthy balance of our multi-faceted model in terms of geographic footprint, brands and categories. The Professional Products Division has successfully transformed its business model and achieved record performance. The Consumer Products Division recorded double-digit growth in the second quarter, thanks in particular to the recovery of makeup. L'Oréal Luxe also saw a sharp rise in fragrance sales and significantly outperformed the market. The Active Cosmetics Division achieved record growth, demonstrating that its brand portfolio is perfectly adapted to consumers' health and beauty aspirations.

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

² Sales achieved on our brands' own websites + estimated sales achieved by our brands corresponding to sales through our retailers' websites (non-audited data).

³ Diluted earnings per share, excluding non-recurring items, after non-controlling interests.

Our geographic Zones have now been redefined around more homogeneous consumption areas. All achieved double-digit growth. North Asia continued to perform well, still driven by mainland China where L'Oréal continues to strengthen its undisputed leadership, while North America saw a return to growth with a tremendous acceleration in the second quarter. In Europe, L'Oréal significantly outperformed the market, which is starting to recover gradually; all countries in this Zone are growing, led by the United Kingdom, France and Russia. The Group performed well in SAPMENA-SSA⁴ and in Latin America, with a marked progression in Brazil.

Our digital excellence has enabled brands to engage, recruit and retain consumers and partners alike. E-commerce continues to grow, at a more moderate rate due to the reopening of retail channels, and accounts for 27.3% of sales. Benefiting from a slight recovery in international travel and the success of Hainan, Travel Retail has bounced back.

The first-half results increased sharply and are of excellent quality. They are evidence of the L'Oréal virtuous circle: a strong improvement in gross margin combined with good cost control has enabled us to invest significantly in developing our brands and deliver once again an increase in profitability.

At the same time, societal and environmental engagement remains a priority. In June, we launched the very first "L'Oréal Groupe" global campaign, to make our consumers, shareholders and all our stakeholders aware of the actions behind our purpose: "Create the beauty that moves the world." We also unveiled "L'Oréal For Youth", a global programme designed to boost youth employment by increasing the number of job opportunities for under 30s by 30%.

L'Oréal has again gained strength in the early part of the year and is well positioned to continue to grow at its pre-crisis pace, leveraging on technology, data and Artificial Intelligence to become the Beauty Tech company. In the second half of 2021, we will pursue our offensive product launch strategy while at the same time investing in relevant growth drivers to spur the future growth and the desirability of our brands. We are more confident than ever in our ability to outperform the market and achieve a year of growth in both sales and results."

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

2021 Half-Year Sales

Like-for-like, i.e. based on a comparable structure and identical exchange rates, sales of the L'Oréal group grew by +20.7%.

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

Growth at constant exchange rates came out at +21.8%.

Currency fluctuations had a negative impact of -5.6%. If the exchange rates at 30 June 2021, i.e. €1 = \$1.1871, are extrapolated until 31 December 2021, the impact of currency fluctuations on sales would be approximately -2.3% for the whole of 2021.

Based on reported figures, the Group's sales at 30 June 2021 amounted to 15.19 billion euros, i.e. an increase of +16.2%.

Sales by Division and geographic Zone

During the first half of 2021, the Group redefined its geographic Zones. At 30 June 2021, sales by geographic Zone reflect this organisation and break down as follows: Europe, North America, North Asia, SAPMENA – SSA⁵ and Latin America. The data relating to previous periods have been restated to reflect these changes.

	2 nd quarter 2021			1 st half 2021		
	€m	Growth		€m	Growth	
		Like-for-like	Reported		Like-for-like	Reported
By Division						
Professional Products	930.4	+65.9%	+57.5%	1,778.7	+41.0%	+32.6%
Consumer Products	2,990.1	+14.2%	+11.5%	5,963.4	+6.3%	+1.9%
L'Oréal Luxe	2,702.5	+45.7%	+40.9%	5,472.2	+28.1%	+24.9%
Active Cosmetics	959.1	+48.4%	+44.9%	1,982.4	+37.5%	+32.0%
Group total	7,582.1	+33.5%	+29.6%	15,196.6	+20.7%	+16.2%
By geographic Zone						
Europe	2,392.1	+27.8%	+27.6%	4,857.1	+11.9%	+11.6%
North America	1,952.1	+44.7%	+33.7%	3,765.7	+23.2%	+13.8%
North Asia	2,296.5	+26.5%	+23.3%	4,670.9	+27.3%	+23.2%
SAPMENA – SSA ⁵	520.1	+40.7%	+33.7%	1,093.9	+19.9%	+13.3%
Latin America	421.2	+54.8%	+59.3%	809.0	+32.8%	+22.7%
Group total	7,582.1	+33.5%	+29.6%	15,196.6	+20.7%	+16.2%

⁵ SAPMENA – SSA: South Asia Pacific, Middle East, North Africa and Sub-Saharan Africa

Summary by Division

PROFESSIONAL PRODUCTS

The Professional Products Division recorded very strong growth at +41.0% like-for-like and +32.6% reported, again strengthening its leadership in a market which is gradually recovering from the health crisis.

The Division benefits from the three underlying trends in the sector: the digitalisation of salons, the development of freelance stylists, and the explosion of e-commerce. All geographic Zones saw sales growth, with record performance in the United States. The Division also confirmed its success in mainland China with very strong growth in e-commerce and in salons. It continued its growth trend in Europe, driven by Germany and France.

Haircare remains the number one category for growth, led by a particularly dynamic *Kérastase*, the successful launch of *Curl Manifesto* and the success of *Genesis*, as well as good performance from *Metal Detox* by *L'Oréal Professionnel* and *Acidic Bonding Concentrate* by *Redken*. In hair colour, *Shades EQ* by *Redken* recorded strong growth.

CONSUMER PRODUCTS

The Consumer Products Division ended the first half of the year at +6.3% like-for-like and +1.9% based on reported figures, with a rebound of +14.2% in the second quarter.

The Division outperformed the market and grew in all geographic Zones, notably in mainland China, Brazil, Indonesia and the major European countries. E-commerce continued to grow strongly and now accounts for more than 20% of sales.

The Division achieved record market share in makeup, especially in North America and Europe, thanks in particular to the highly successful launches of *Sky High Mascara* by *Maybelline New York*, *Infallible* powder by *L'Oréal Paris* and *Shine Loud* lipstick by *NYX Professional Makeup*. Haircare saw double-digit growth thanks to an extremely buoyant market in mainland China, as well as in Europe and Brazil with the success of major innovations such as *Full Resist* and *8 Second Wonder Water* by *L'Oréal Paris*. Facial skincare continued to accelerate. *Revitalift Filler* with hyaluronic acid by *L'Oréal Paris* has become the world's biggest-selling serum. Mainland China's leading skincare brand *L'Oréal Paris* continued to gain market share with the launch of *Ampoule in Cream*. *Garnier* is successfully rolling out a new Vitamin C booster serum.

L'ORÉAL LUXE

With the luxury beauty market strongly bouncing back in the first half of the year, L'Oréal Luxe posted growth at +28.1% like-for-like and +24.9% reported.

In all geographical Zones, the Division significantly outperformed the market, marked by the gradual reopening of selective distribution. L'Oréal Luxe performed very well in North Asia, particularly among Chinese consumers. It also confirmed its solidity in Europe and saw a very strong recovery in North America.

The Division gained market share in all three of its categories. First of all in skincare, thanks to its powerful global brands *Lancôme* and *Kiehl's*, a dynamic premium segment with *Helena Rubinstein* and the *couture* lines *Yves Saint Laurent* and *Giorgio Armani*, as well as the successful integration of *Takami*. Secondly, in the fragrances category, which is extremely dynamic in North America and mainland China, thanks to the complementarity of *Giorgio Armani*, *Valentino*, *Maison Margiela*, *Ralph Lauren*, *Yves Saint Laurent* and the recently acquired *Mugler* and *Azzaro* brands, which delivered very strong performance, significantly outperforming the market. And finally in makeup, the Division showed clear signs of recovery in North Asia — driven by *Lancôme*, *Yves Saint Laurent* and *Shu Uemura*— as well as in the United States thanks to *Lancôme* and *Urban Decay*, which again won market share.

ACTIVE COSMETICS

In a significantly improving market, the Active Cosmetics Division recorded particularly strong growth in the first half of the year, at +37.5% like-for-like and +32.0% based on reported figures.

The Division continued to record very strong growth, with its skincare brand portfolio perfectly adapted to consumers' health-related aspirations, which increased further during the pandemic. It also continued to leverage the solid relationships developed with healthcare professionals and its digital and e-commerce expertise.

All major brands recorded strong growth. *CeraVe* doubled in size while *La Roche-Posay* continued to accelerate, supported by the excellent performance of *Effaclar* and *Cicaplast*. *SkinCeuticals* continued to grow rapidly, driven by the innovation *Silymarin CF*. *Vichy* recovered and posted double-digit growth.

The Division saw very strong growth in all geographical Zones, outperforming the market with exceptional performance in the United States, mainland China and the United Kingdom. Thanks to a targeted omnichannel activation strategy, e-commerce sales remained extremely buoyant while in-store sales posted strong double-digit growth.

Summary by geographic Zone

During the first half of 2021, the Group redefined its geographic Zones. At 30 June 2021, sales by geographic Zone reflect this organisation and break down as follows: Europe, North America, North Asia, SAPMENA – SSA⁶ and Latin America.

EUROPE

The new Europe Zone, which brings together Western Europe and Eastern Europe, is the largest of the Group in terms of sales. It grew by +11.9% like-for-like and +11.6% based on reported figures.

At the end of June, all countries reported growth and L'Oréal strengthened its leadership in Germany, the United Kingdom, Russia and the Scandinavian countries.

In the second quarter, sales are close to pre-crisis levels, with the exception of Travel Retail, which is still badly affected by the health situation and the restrictions on international travel. E-commerce saw very strong growth.

The Consumer Products Division gained market share, especially in makeup and haircare; *Maybelline New York* strengthened its leadership in the makeup category. L'Oréal Luxe continued to gain market share, especially in fragrances. The Active Cosmetics Division considerably increased its market share, driven by the dynamism of *La Roche-Posay*, which confirmed its position as Europe's No.1 dermocosmetics brand, and the rapid development of *CeraVe*. Finally, the Professional Products Division recorded significant growth despite the closure of salons in several countries in the first quarter, thanks to the buoyancy of e-commerce sales.

NORTH AMERICA

The Zone posted strong growth, at +23.2% like-for-like and +13.8% based on reported figures.

In the United States, the Group accelerated strongly in the second quarter despite temporary sourcing pressures, with a marked recovery in makeup while sales of skincare and fragrances are far above 2019 levels. In-store sales picked up and e-commerce more than doubled in two years.

All Divisions achieved market share gains in the second quarter. The Consumer Products Division accelerated, driven by the launch of *Sky High Mascara* by *Maybelline New York* and the confirmed recovery of *NYX Professional Makeup*. L'Oréal Luxe benefited from the recovery of in-store sales and the explosion of the fragrances category. Driven by the power of the SalonCentric distribution channel, the Professional Products Division recorded excellent performance and gained market share in haircare and hair colour. Finally, sales for the Active Cosmetics Division, driven by the remarkable performance of *CeraVe* and the acceleration of *La Roche-Posay*, close to doubled compared with the first half of 2019.

⁶ SAPMENA – SSA: South Asia Pacific, Middle East, North Africa and Sub-Saharan Africa

NORTH ASIA

The Zone saw strong growth at +27.3% like-for-like and +23.2% reported.

Chinese consumer demand for the big brands remained high, particularly for luxury beauty. The Group consolidated its leadership in mainland China, still a major contributor to L'Oréal's overall performance, with an increase of +34.2%. Confirming the recovery which began in the second quarter of 2020, L'Oréal China gained market share in all Divisions and all categories. Online sales continued to grow strongly, driven by the arrival of new online retailers. During the important online shopping festival on 18 June, *L'Oréal Paris* established itself as the leading beauty brand on Tmall and JD, with *Lancôme* also in the top 3.

Japan and South Korea were both affected by the resurgence of Covid-19 and posted moderate performance in the first half of the year. Travel Retail continued to grow in the second quarter, particularly in Hainan. E-commerce recorded strong growth in the Zone and in-store sales recovered at different rates from one country to another.

L'Oréal Luxe accelerated strongly in online sales and gained market share. Its growth was driven by skincare, with *Absolue* by *Lancôme* and *Helena Rubinstein* in particular, and by the strong recovery of makeup. The Consumer Products Division gained market share in haircare while the Active Cosmetics Division saw its growth accelerate, driven by *La Roche-Posay*. The Professional Products Division posted record growth, thanks in particular to *Kérastase* and *L'Oréal Professionnel*.

SAPMENA – SSA⁷

The Zone grew by +19.9% like-for-like and +13.3% based on reported figures. The Pacific and Gulf states started to recover while in India the Covid-19 pandemic continued to affect sales in the second quarter. In South-East Asia, many countries including Malaysia, Thailand, the Philippines and Indonesia have been subject to heavy public health restrictions. Vietnam has maintained strong growth.

The growth of the SAPMENA Zone was driven by the Consumer Products Division, with good momentum from *Garnier* and *Maybelline New York*, by L'Oréal Luxe in fragrances and skincare, as well as by the Active Cosmetics Division with *La Roche-Posay*. The expansion of e-commerce, which is seeing marked growth in Southern Asia and India, fuelled growth in all Divisions.

In Sub-Saharan Africa (SSA), growth was driven by South Africa, which posted strong double-digit growth.

LATIN AMERICA

The Zone recorded strong growth of +32.8% like-for-like and +22.7% based on reported figures. The recovery of the beauty market has accelerated in recent months with the gradual easing of lockdown measures and the lifting of restrictions on movement in all countries. Despite a complicated public health situation, Brazil was a strong contributor to growth and significantly outperformed the market, driven by the Consumer Products and Active Cosmetics Divisions.

With Brazil, Mexico and Chile leading the way, all countries and all Divisions recorded double-digit growth. All categories saw strong growth thanks to the quality of innovations and the success of the Group's iconic brands and products, particularly in haircare and skincare. With the reopening of distribution channels, particularly department stores and hair salons, in-store sales saw a return to growth, while e-commerce sales almost doubled compared to the first half of 2020.

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

Important events during the period 1/4/21 to 30/6/21 and post-closing events

- On 20 April, L'Oréal held its Annual General Meeting behind closed doors. All resolutions were approved, including:
 - Payment of a dividend of €4 per share;
 - Appointments as directors of Mr Nicolas Hieronimus and Mr Alexandre Ricard, as well as renewal of the tenures as directors of Ms Françoise Bettencourt Meyers, Mr Paul Bulcke and Ms Virginie Morgon.
- On 20 April, the L'Oréal Board of Directors decided:
 - The dissociation of the functions of Chairman of the Board of Directors and Chief Executive Officer. Mr Jean-Paul Agon will continue to fulfil the role of Chairman as he has done since 2011 and Mr Nicolas Hieronimus was appointed Chief Executive Officer as of 1 May 2021;
 - On the basis of the authorisation approved by the Annual General Meeting of 20 April 2021, to buy back L'Oréal shares for a maximum amount of 1.2 billion euros and a maximum of 3 million shares, in a period starting 3 May 2021 and ending 30 June 2021, in a view to cancelling them. 3,000,000 shares were bought back from 3 May to 18 June 2021.
- On 22 April, L'Oréal announced the appointment of Asmita Dubey as Chief Digital Officer, a member of the Executive Committee, to drive the second phase of the Group's digital transformation.
- On 23 June, L'Oréal announced the creation of the Europe Zone, led by Vianney Derville, previously President of the Western Europe Zone.
- On 29 July, the Board of Directors has decided to cancel 3,000,000 shares bought back, effective on 30 July 2021, pursuant the share buyback programme decided on 20 April 2021.

2021 Half-Year Results

The limited review procedures of the half-year consolidated accounts have been completed. The limited review report is being prepared by the Statutory Auditors.

Operating profitability at 19.7% of sales

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

<i>In € million</i>	30/6/20	As % of sales	31/12/20	As % of sales	30/6/21	As % of sales	Change H1-2021 vs. H1-2020
Sales	13,076.5	100.0%	27,992.1	100.0%	15,196.6	100.0%	+16.2%
<i>Cost of sales</i>	-3,512.3	26.9%	-7,532.3	26.9%	-3,869.5	25.5%	
Gross profit	9,564.2	73.1%	20,459.8	73.1%	11,327.1	74.5%	+18.4%
<i>R&I expenses</i>	-455.3	3.5%	-964.4	3.4%	-489.1	3.2%	
<i>Advertising and promotion expenses</i>	-3,986.5	30.5%	-8,647.9	30.9%	-4,951.6	32.6%	
<i>Selling, general and administrative expenses</i>	-2,765.2	21.1%	-5,638.5	20.1%	-2,898.2	19.1%	
Operating profit	2,357.2	18.0%	5,209.0	18.6%	2,988.1	19.7%	+26.8%

Gross profit, at 11,327 million euros, came out at 74.5% of sales, an increase of 140 basis points compared to the first half of 2020.

Research and Innovation expenses, at 489 million euros, came out at 3.2% of sales.

Advertising and promotion expenses came out at 32.6% of sales, an increase of 210 basis points.

Selling, general and administrative expenses, at 19.1% of sales, decreased by 200 basis points compared to the first half of 2020.

Overall, **operating profit** came out at 2,988 million euros, an increase of 170 basis points compared to the 2020 first half, at 19.7% of sales.

Operating profit by Division

	30/6/20		31/12/20		30/6/21	
	€m	% of sales	€m	% of sales	€m	% of sales
By Division						
Professional Products	140.0	10.4%	581.7	18.8%	363.9	20.5%
Consumer Products	1,243.7	21.3%	2,388.1	20.4%	1,193.4	20.0%
L'Oréal Luxe	892.0	20.4%	2,275.9	22.4%	1,301.9	23.8%
Active Cosmetics	433.8	28.9%	766.0	25.4%	570.0	28.8%
Total Divisions before non-allocated	2,709.5	20.7%	6,011.6	21.5%	3,429.1	22.6%
<i>Non-allocated⁸</i>	<i>-352.3</i>	<i>-2.7%</i>	<i>-802.6</i>	<i>-2.9%</i>	<i>-441.0</i>	<i>-2.9%</i>
Group	2,357.2	18.0%	5,209.0	18.6%	2,988.1	19.7%

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** went from 10.4% to 20.5%.

The profitability of the **Consumer Products Division** came out at 20.0% compared to the first half of 2020 at 21.3% of sales.

L'Oréal Luxe improved by 340 basis points at 23.8%.

The profitability of the **Active Cosmetics Division** slightly decreased by 10 basis points, still at a very high level at 28.8%.

⁸ Non-allocated expenses = Central Group expenses, fundamental research expenses, stock options and free grant of shares expenses and miscellaneous items. As a % of total sales.

Net profit excluding non-recurring items

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

<i>In € million</i>	30/6/20	31/12/20	30/6/21	Change H1-2021 vs. H1-2020
Operating profit	2,357.2	5,209.0	2 988.1	+26.8%
<i>Financial revenues and expenses</i>	-36.5	-95.9	-29.4	
<i>Sanofi dividends</i>	372.4	372.4	378.3	
Profit before tax and associates excluding non-recurring items	2,693.0	5,485.5	3,337.0	
<i>Income tax excluding non-recurring items</i>	-547.9	-1,383.1	-731.9	
<i>Net profit excluding non-recurring items of equity consolidated companies</i>	+0.7	+0.9	+0.3	
<i>Non-controlling interests</i>	-1.1	-4.2	-5.4	
Net profit excluding non-recurring items, after non-controlling interests⁹	2,144.8	4,099.0	2,600.0	+21.2%
EPS¹⁰(€)	3.82	7.30	4.63	+21.1%
Diluted average number of shares	561,233,745	561,635,963	561,833,554	

Overall financial expenses came out at 29.4 million euros.

Sanofi dividends amounted to 378.3 million euros.

Income tax excluding non-recurring items came out at 731.9 million euros, i.e. a tax rate of 21.9%, higher than the first half of 2020.

Net profit excluding non-recurring items after non-controlling interests came out at 2,600 million euros.

Earnings per share, at 4.63 euros, increased by +21.1% compared with the first half of 2020.

⁹ 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.

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

Net profit

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

<i>In € million</i>	30/6/20	31/12/20	30/6/21
Net profit excluding non-recurring items, after non-controlling interests ⁹	2,144.8	4,099.0	2,600.0
Non-recurring items	-322.3	-535.7	-237.4
of which:			
o <i>other income and expenses</i>	<i>-407.1</i>	<i>-709.0</i>	<i>-315.3</i>
o <i>tax effect</i>	<i>+84.8</i>	<i>+173.3</i>	<i>+77.9</i>
Net profit after non-controlling interests	1,822.5	3,563.4	2,362.6

Non-recurring items amounted to 237.4 million euros net of tax of which 315.3 million euros of other income and expenses. They mainly include an impairment charge on the goodwill of *It Cosmetics* for 250 million euros.

Operating cash flow and balance sheet

Gross cash flow amounted to 3,336.1 million euros an increase of 25.0%.

The **change in working capital** amounted to 675.1 million euros.

Investments at 523.1 million euros represented 3.4% of sales.

Operating cash flow¹¹ amounted to 2,137.9 million euros, an increase of 67.7%.

At 30 June 2021, after taking into account finance lease liabilities for 1,579 million euros, **net cash** amounted to 2,372.8 million euros.

¹¹ *Operating cash flow = Gross cash flow + changes in working capital - capital expenditure.*

“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 Half-Year 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.

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Appendices

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

	2020	2021
First quarter	7,225.2	7,614.5
Second quarter	5,851.3	7,582.1
First half total	13,076.5	15,196.6
Third quarter	7,036.8	
Nine months total	20,113.3	
Fourth quarter	7,878.8	
Full year total	27,992.1	

Appendix 2: Compared consolidated income statements

€ millions	1 st half 2021	1 st half 2020	2020
Net sales	15,196.6	13,076.5	27,992.1
Cost of sales	-3,869.5	-3,512.3	-7,532.3
Gross profit	11,327.1	9,564.2	20,459.8
Research & innovation expenses	-489.1	-455.3	-964.4
Advertising and promotion expenses	-4,951.6	-3,986.5	-8,647.9
Selling, general and administrative expenses	-2,898.2	-2,765.2	-5,638.5
Operating profit	2,988.1	2,357.2	5,209.0
Other income and expenses	-315.3	-407.1	-709.0
Operational profit	2,672.8	1,950.1	4,500.0
Finance costs on gross debt	-22.5	-33.3	-79.2
Finance income on cash and cash equivalents	12.4	10.6	19.8
Finance costs, net	-10.1	-22.7	-59.4
Other financial income and expenses	-19.2	-13.8	-36.5
Sanofi dividends	378.3	372.4	372.4
Profit before tax and associates	3,021.7	2,286.0	4,776.5
Income tax	-654.0	-463.1	-1,209.8
Share of profit in associates	0.3	0.7	0.9
Net profit	2,368.0	1,823.6	3,567.6
Attributable to:			
• owners of the company	2,362.6	1,822.5	3,563.4
• non-controlling interests	5.4	1.1	4.2
Earnings per share attributable to owners of the company (euros)	4.22	3.26	6.37
Diluted earnings per share attributable to owners of the company (euros)	4.21	3.25	6.34
Earnings per share attributable to owners of the company, excluding non-recurring items (euros)	4.65	3.84	7.33
Diluted earnings per share attributable to owners of the company, excluding non-recurring items (euros)	4.63	3.82	7.30

Appendix 3: Consolidated statement of comprehensive income

€ millions	1 st half 2021	1 st half 2020	2020
Consolidated net profit for the period	2,368.0	1,823.6	3,567.6
Cash flow hedges	-155.6	106.6	129.1
Cumulative translation adjustments	281.5	-271.8	-790.2
Income tax on items that may be reclassified to profit or loss ⁽¹⁾	31.8	-27.9	-23.3
Items that may be reclassified to profit or loss	157.7	-193.1	-684.4
Financial assets at fair value through other comprehensive income	1,151.6	129.1	-1,269.1
Actuarial gains and losses	386.2	-159.2	-225.6
Income tax on items that may not be reclassified to profit or loss ⁽¹⁾	-130.1	36.5	97.8
Items that may not be reclassified to profit or loss	1,407.6	6.4	-1,396.9
Other comprehensive income	1,565.3	-186.7	-2,081.3
Consolidated comprehensive income	3,933.3	1,636.9	1,486.3
Attributable to:			
• owners of the company	3,927.9	1,635.8	1,482.1
• non-controlling interests	5.4	1.1	4.2

⁽¹⁾ The tax effect is as follows:

€ millions	1 st half 2021	1 st half 2020	2020
Cash flow hedges	31.8	-27.9	-23.3
Items that may be reclassified to profit or loss	31.8	-27.9	-23.3
Financial assets at fair value through other comprehensive income	-36.9	-3.4	40.4
Actuarial gains and losses	-93.3	39.9	57.4
Items that may not be reclassified to profit or loss	-130.1	36.5	97.8
TOTAL	-98.3	8.6	74.5

Appendix 4: compared consolidated balance sheets

ASSETS

€ millions	30.06.2021	30.06.2020	31.12.2020
Non-current assets	30,192.7	30,806.3	29,046.8
Goodwill	10,559.0	10,856.5	10,514.2
Other intangible assets	3,455.0	3,066.7	3,356.3
Right-of-use assets	1,414.3	1,723.7	1,525.3
Property, plant and equipment	3,182.9	3,418.0	3,225.2
Non-current financial assets	10,786.5	10,932.2	9,604.8
Investments accounted for the equity method	10.5	11.4	11.1
Deferred tax assets	784.5	797.8	809.9
Current assets	13,762.9	15,045.7	14,560.1
Inventories	2,948.2	2,947.6	2,675.8
Trade accounts receivable	3,991.8	3,756.1	3,511.3
Other current assets	1,869.4	1,698.1	1,732.7
Current tax assets	129.3	202.3	234.4
Cash and cash equivalents	4,824.3	6,441.6	6,405.9
TOTAL	43,955.6	45,852.0	43,606.9

EQUITY & LIABILITIES

€ millions	30.06.2021	30.06.2020	31.12.2020
Equity	29,636.8	28,987.0	28,998.8
Share capital	112.1	111.9	112.0
Additional paid-in capital	3,265.6	3,158.2	3,259.8
Other reserves	18,909.3	18,581.3	18,642.5
Other comprehensive income	5,588.5	5,680.9	4,304.5
Cumulative translation adjustments	-607.9	-371.0	-889.2
Treasury shares	—	—	—
Net profit attributable to owners of the company	2,362.6	1,822.5	3,563.4
Equity attributable to owners of the company	29,630.2	28,983.8	28,993.0
Non-controlling interests	6.6	3.2	5.8
Non-current liabilities	2,987.6	3,414.2	3,478.0
Provisions for employee retirement obligations and related benefits	650.0	941.4	1,013.5
Provisions for liabilities and charges	57.9	56.7	56.8
Non-current tax liabilities	364.2	251.9	397.9
Deferred tax liabilities	710.0	693.8	706.6
Non-current borrowings and debt	8.9	9.6	8.5
Non-current lease debt	1,196.5	1,460.7	1,294.7
Current liabilities	11,331.3	13,450.8	11,130.1
Trade accounts payable	5,386.3	4,124.6	4,764.5
Provisions for liabilities and charges	1,211.1	1,029.6	1,224.7
Other current liabilities	3,263.5	5,160.1	3,682.5
Income tax	224.3	326.9	215.1
Current borrowings and debt	863.6	2,411.5	856.4
Current lease debt	382.5	398.1	386.9
TOTAL	43,955.6	45,852.0	43,606.9

Appendix 5: consolidated statements of change in equity

€ millions	Common shares outstanding	Share 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	Equity
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
Consolidated net profit for the period				3,563.4				3,563.4	4.2	3,567.6
Cash flow hedges					105.6			105.6	0.2	105.8
Cumulative translation adjustments							-801.8	-801.8	-0.3	-802.1
Hyperinflation							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
Financial assets at fair value through other comprehensive income					-1,228.8			-1,228.8		-1,228.8
Actuarial gains and losses					-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 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
Consolidated net profit for the period				2,362.6				2,362.6	5.4	2,368.0
Cash flow hedges					-123.6			-123.6	-0.2	-123.8
Cumulative translation adjustments							266.8	266.8	0.2	267.0
Hyperinflation							14.5	14.5		14.5
Other comprehensive income that may be reclassified to profit and loss					-123.6		281.3	157.7	—	157.7
Financial assets at fair value through other comprehensive income					1,114.7			1,114.7		1,114.7
Actuarial gains and losses					292.9			292.9		292.9
Other comprehensive income that may not be reclassified to profit and loss					1,407.6		—	1,407.6	—	1,407.6
Consolidated comprehensive income				2,362.6	1,284.0	—	281.3	3,927.9	5.4	3,933.3
Capital increase	800,168	0.2	5.8	-0.2				5.8		5.8
Cancellation of Treasury shares								—		—
Dividends paid (not paid on Treasury shares)				-2,264.4				-2,264.4	-4.7	-2,269.1
Share-based payment				75.9				75.9		75.9
Net changes in Treasury shares	-3,000,000					-1,104.8		-1,104.8		-1,104.8
Changes in scope of consolidation								—		—
Other movements				-3.2				-3.2	0.1	-3.1
AT 30.06.2021	557,671,748	112.1	3,265.6	22,376.7	5,588.5	-1,104.8	-607.9	29,630.2	6.6	29,636.8

CHANGES IN FIRST-HALF 2020

€ millions	Common shares outstanding	Share 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	Equity
At 31.12.2019	558,117,205	111.6	3,130.2	20,680.9	5,595.8	—	-99.2	29,419.3	6.7	29,426.0
Consolidated net profit for the period				1,822.5				1,822.5	1.1	1,823.6
Cash flow hedges					78.7			78.7		78.7
Cumulative translation adjustments							-276.8	-276.8		-276.8
Hyperinflation							5.0	5.0		5.0
Other comprehensive income that may be reclassified to profit and loss					78.7		-271.8	-193.1	—	-193.1
Financial assets at fair value through other comprehensive income					125.7			125.7		125.7
Actuarial gains and losses					-119.3			-119.3		-119.3
Other comprehensive income that may not be reclassified to profit and loss					6.4		—	6.4	—	6.4
Consolidated comprehensive income				1,822.5	85.1		-271.8	1,635.8	1.1	1,636.9
Capital increase	1,180,975	0.2	28.0	-0.2				28.1		28.1
Cancellation of Treasury shares								—		—
Dividends paid (not paid on Treasury shares)				-2,166.5				-2,166.5	-4.9	-2,171.3
Share-based payment				67.3				67.3		67.3
Net changes in Treasury shares								—		—
Changes in scope of consolidation								—	0.3	0.3
Other movements				-0.3				-0.3		-0.3
AT 30.06.2020	559,298,180	111.9	3,158.2	20,403.8	5,680.9	—	-371.0	28,983.8	3.2	28,987.0

⁽¹⁾ As the Annual General Meeting to approve the financial statements as at 31 December 2019 was held on 30 June 2020, the dividends for financial year 2019 were not paid at 30 June 2020 and were presented on the balance sheet in "Other current liabilities".

Appendix 6: compared consolidated statements of cash flows

€ millions	1 st half 2021	1 st half 2020	2020
Cash flows from operating activities			
Net profit attributable to owners of the company	2,362.6	1,822.5	3,563.4
Non-controlling interests	5.4	1.1	4.2
Elimination of expenses and income with no impact on cash flows:			
• depreciation, amortisation, provisions and non-current tax liabilities	910.3	787.4	2,028.1
• changes in deferred taxes	-28.3	-16.3	-10.1
• share-based payment (including free shares)	75.9	67.3	129.7
• capital gains and losses on disposals of assets	1.4	4.5	3.6
Other non-cash transactions	8.1	2.9	5.8
Share of profit in associates net of dividends received	0.6	-0.7	-0.6
Gross cash flow	3,336.1	2,668.6	5,724.1
Changes in working capital	-675.1	-889.2	729.2
Net cash provided by operating activities (A)	2,661.0	1,779.4	6,453.3
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	-523.1	-504.8	-972.4
Disposals of property, plant and equipment and intangible assets	12.5	18.6	26.6
Changes in other financial assets (including investments in non-consolidated companies)	-23.9	6.6	-66.5
Effect of changes in the scope of consolidation	-161.3	-1,316.5	-1,626.8
Net cash from investing activities (B)	-695.8	-1,796.0	-2,639.1
Cash flows from financing activities			
Dividends paid	-2,322.0	-82.6	-2,190.6
Capital increase of the parent company	5.8	28.1	129.7
Capital increase of subsidiaries	—	—	—
Disposal (acquisition) of Treasury shares	-1,104.8	—	—
Purchase of non-controlling interests	—	—	—
Issuance (repayment) of short-term loans	26.5	1,509.3	-74.8
Issuance of long-term borrowings	—	—	—
Repayment of long-term borrowings	—	—	-3.6
Repayment of lease debt	-200.9	-219.7	-451.8
Net cash from financing activities (C)	-3,595.3	1,235.1	-2,591.1
Net effect of changes in exchange rates and fair value (D)	48.5	-62.8	-103.2
Change in cash and cash equivalents (A+B+C+D)	-1,581.6	1,155.7	1,119.9
Cash and cash equivalents at beginning of the period (E)	6,405.9	5,286.0	5,286.0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4,824.3	6,441.7	6,405.9