

L'ORÉAL

STRATEGIC TRANSACTION APPROVED BY L'ORÉAL'S BOARD OF DIRECTORS

AGREEMENT BETWEEN L'ORÉAL AND NESTLÉ FOR THE REPURCHASE BY L'ORÉAL OF 4% OF ITS OWN SHARES HELD BY NESTLÉ

Paris, December 7, 2021 - L'Oréal's Board of Directors meeting on December 7, 2021 unanimously approved a strategic transaction consisting of the repurchase by L'Oréal, as part of its share buyback program, of 22.26 million of its own shares - representing 4.0% of its capital¹ - from Nestlé. The Board members related to Nestlé and to the Bettencourt Meyers family did not participate in the votes.

The unit price of the L'Oréal share for this transaction is 400.0 euros, i.e. a discount of 5.8% compared to the closing price of December 7, 2021 and a discount of 2.9% compared to the volume weighted average price over the period from November 8, 2021 to December 7, 2021 included. The total price paid to Nestlé will thus amount to 8,904 million euros.

All the shares repurchased by L'Oréal will be exclusively purchased for cancellation purposes and will be cancelled, at the latest on August 29, 2022². At the end of the transaction and after cancellation of the repurchased shares, Nestlé's stake in the capital of L'Oréal will be reduced from 23.3% to 20.1%. All other shareholders will benefit from an accretive effect by the same proportion, including the Bettencourt Meyers family, whose stake in L'Oréal will increase from 33.3% to 34.7%.

The *Autorité des Marchés Financiers* has granted a waiver to the Bettencourt Meyers family to the obligation to file a mandatory public offer on account of the crossing of the threshold of one third³ of the capital and voting rights of the company. The Board members related to Nestlé and to the Bettencourt Meyers family did not participate in the deliberations nor the votes of the Board of Directors relating to this transaction. The composition of the Board of Directors will remain unchanged.

The transaction will help optimize L'Oréal's balance sheet benefitting from excellent financing conditions, while retaining a significant financial flexibility to ensure the Group's future development. The transaction will also have an accretive effect on L'Oréal's earnings per share of more than 4% in a full year. The share buyback will be financed in a balanced manner by the Group's available cash on the one hand, and new debt on the other.

In accordance with the recommendation by the *Autorité des Marchés Financiers* DOC-2017-04, in particular, the Cabinet Ledouble represented by Madame Agnès Piniot, has been appointed by the Board of Directors as an independent expert responsible for issuing a fairness certificate.

Following its assessment of the Share valuation, the independent expert concluded that:

- *"from a financial point of view, the Price of the repurchased shares is fair for the Company and its shareholders;*
- *the Transaction does not affect the financial balances and the investment capacity of the Company;*
- *the Transaction, carried out in the interest of the Company, will be accretive for its shareholders and will be in compliance with the related party transactions regulation."*

The share buyback operation, which will be carried out through an off-market block trade, is not subject to any condition precedent and should be finalized in the coming days.

Mr Jean-Paul Agon, Chairman of the Board of Directors of L'Oréal, declared: *"This transaction with Nestlé is in the interest of the company and all of its shareholders. It constitutes a new strategic milestone in reinforcing the shareholder stability of L'Oréal around the Bettencourt Meyers founding family and Nestlé."*

Mr Nicolas Hieronimus, Chief Executive Officer of L'Oréal, declared: *"We are delighted to continue the development of L'Oréal with the support of the Bettencourt Meyers family and Nestlé."*

¹ Based on a total number of shares and voting rights of 557,672,360 as of November 30, 2021.

² Could be postponed until October 31, 2022 upon mutual agreement between L'Oréal and Nestlé.

³ Threshold applicable to the Bettencourt Meyers family pursuant to the grandfather clause at the time of the reduction of the mandatory public tender offer threshold down from one third to 30%.

About L'Oréal

L'Oréal has devoted itself to beauty for over 100 years. With its unique international portfolio of 35 diverse and complementary brands, the Group generated sales amounting to 27.99 billion euros in 2020 and employs 85,400 people worldwide. As the world's leading beauty company, L'Oréal is present across all distribution networks: mass market, department stores, pharmacies and drugstores, hair salons, travel retail, branded retail and e-commerce.

Research and innovation, and a dedicated research team of 4,000 people, are at the core of L'Oréal's strategy, working to meet beauty aspirations all over the world. L'Oréal sets out ambitious sustainable development goals across the Group for 2030 and aims to empower its ecosystem for a more inclusive and sustainable society.

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

"This press release does not constitute an offer of sale or solicitation of an offer to purchase 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 website www.loreal-finance.com.

This press release may contain forecast information. While the Company believes that these statements are based on reasonable assumptions as of the date of publication of this press release, they are by nature subject to risks and uncertainties which may lead to a discrepancy between the actual figures and those indicated or suggested in these statements."

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