

Publication relating to related party transactions
pursuant to Article L. 22-10-13 of the French Commercial Code

Paris, December 7, 2021

On December 7, 2021, L'Oréal entered into an agreement with Nestlé to buyback L'Oréal's shares for cancellation. This agreement was entered into in the context presented in the press release published after the Board of Directors' meeting of December 7, 2021.

1. Board of Directors' decisions

On December 7, 2021, L'Oréal entered into an agreement with Nestlé, which owns more than 10% of L'Oréal's share capital and shares a director with L'Oréal, which falls within the scope of the agreements referred to in Article L. 225-38 of the French Commercial Code.

On November 5, 2021, the Board of Directors of L'Oréal decided, upon the recommendation of an *ad hoc* committee mainly composed of independent directors, to appoint, on a voluntary basis, Cabinet Ledouble, represented by Mrs. Agnès Piniot, as independent expert. The *ad hoc* committee reported to the Board of Directors on the work carried out by the expert and presented its recommendations.

At its meeting on December 7, 2021, and pursuant to the provisions of Article L. 225-38 of the French Commercial Code, the Board of Directors of L'Oréal, after having reviewed the conclusions of the independent expert's report, authorized the conclusion of a share buyback agreement between L'Oréal and Nestlé, it being specified that the interested directors did not participate in the deliberations nor the votes of the Board of Directors relating to the transaction¹.

Nestlé, which holds more than 10% of the voting rights of L'Oréal and which entered into the share buyback agreement with L'Oréal, is considered as an interested party within the meaning of the applicable regulations.

Mr. Paul Bulcke did not participate in the deliberations nor the votes of the Board of Directors as he is a joint director of L'Oréal and Nestlé and is therefore considered as an interested party. Mrs. Béatrice Guillaume-Brabisch, an employee of Nestlé, did not participate in the deliberations nor the votes because of a potential conflict of interest within the meaning of the AFEP/MEDEF Code and the Board of Directors' internal regulations.

2. Mains terms and conditions of the share buyback agreement

The share buyback agreement concerns 22,260,000 L'Oréal shares representing 4% of its share capital and voting rights as of December 7, 2021.

The unit price of the L'Oréal share for this transaction is 400 Euros, for a total amount of 8,904,000,000 Euros.

¹ In addition, Mrs. François Bettencourt Meyers, Mr. Jean-Victor Meyers and Mr. Nicolas Meyers did not participate in the meetings of the Board of Directors, and consequently in the debates and votes on any deliberations, relating to this share buyback operation followed by their cancellation.

The share buyback transaction, which will be carried out via an off-market block purchase, is not subject to any conditions precedent and is expected to be finalized in the coming days.

All the shares repurchased by L'Oréal will be exclusively purchased for cancellation purposes and will be cancelled, at the latest on August 29, 2022, it being specified that this deadline may be postponed to October 31, 2022, upon mutual agreement between L'Oréal and Nestlé.

3. Information regarding the interest of the agreement for L'Oréal

This transaction with Nestlé constitutes a strategic milestone in reinforcing the shareholder stability of L'Oréal, in the interest of the company and all of its shareholders.

This 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% on a full-year basis. The share buyback is financed by 4,5 billion euros of available cash and the remaining amount by bank financing.

4. Indication of the relation between the price for the company and the last annual profit

The total price paid by L'Oréal for the repurchased shares is 8,904.0 million Euros.

L'Oréal S.A.'s latest annual profit was 4,158.8 million Euros on 31 December 2020.