

## **L'ORÉAL EMPLOYEE SHARE OFFERING 2022 LOCAL SUPPLEMENT FOR DENMARK**

*You have been invited to invest in shares of L'Oréal S.A. ("Shares") in the L'Oréal group employee share plan 2022 (the "Offering"). You will find below a brief summary of the local offering information and principal tax consequences relating to the Offering.*

### **Securities law information**

*Please note that this document does not constitute a prospectus within the meaning of the European Prospectus Regulation 2017/1129/EU. The offering stipulated in this document is not subject to prospectus requirements as it is eligible to benefit from the employee offering exemption stipulated in Article 1(4)(i) of the European Prospectus Regulation 2017/1129/EU. Thus, this document is simply an offer document prepared in accordance with the employee offering exemption stipulated in Article 1(4)(i) of the European Prospectus Regulation containing all necessary and relevant information regarding the offering.*

### **Local Offering Information**

#### **Subscription Period**

The subscription period starts on June 8, 2022 and lasts until June 22, 2022 (inclusive). In order to participate in the Offering, you would need to subscribe before June 22, 2022.

During the subscription period, you may subscribe online at <https://invest.loreal.com>. Username and password will be provided to you by email or mail.

You may also subscribe with a paper subscription form should you not have access to internet. Please contact HRM Ken Lim, [ken.lim@loreal.com](mailto:ken.lim@loreal.com), to receive a subscription form. Unless you subscribe through the Internet, please return your duly completed subscription form to HRM Ken Lim on June 22 2022, at latest.

#### **Subscription Price**

The subscription price will be set on June 3, 2022 as the average opening price of the Shares over the 20 preceding trading days minus a 20% discount.

It is to be noted that your subscription is in euro. Consequently, for purposes of your subscription, the amount of your payment in Danish kroner will be converted by your employer using the exchange rate applicable by or around the beginning of June 2022 that will be communicated to you on demand.

During the life of your investment, the value of the Shares will be affected by fluctuations in the currency exchange rate between the Euro and Danish Krone. As a result, if the value of the euro strengthens relative to the Danish krone, the value of the Shares expressed in local currency will increase. On the other hand, if the value of the euro weakens relative to the Danish krone, the value of the Shares expressed in Danish kroner will decrease.

#### **Method of Payment – What are the payment methods available for my subscription?**

The following payment methods are available:

- Direct bank transfer to the account of L'OREAL DANMARK A/S, which must take place during the period between July 12 2022 and July 19 2022, at latest. Account details: Danske Bank, registration no. 3100, account no. 3100210231, IBAN: DK79 3000 3100 2102 31. BIC/SWIFT: DABADKKK.

### ***Your Investment is Capped***

You will be able to invest up to a maximum of 25% of your estimated gross annual remuneration (fixed and variable) for 2022 and not to exceed 50 shares.

The employer matching contribution, where offered, will not count toward the 25% limit.

For the purposes of calculating your gross annual salary you should include:

- your salary and bonus/commission (if any), and
- any amount of variable pay (those amounts which you may receive on a regular basis, such as car allowance, over-time, shift allowances, on-call allowances and market supplements).

You should note that it is your responsibility to ensure that your investment does not exceed the above limits, which are calculated based on the calendar year commencing on January 1, 2022 and December 31, 2022. In making the calculation you will therefore need to estimate the remuneration that you are expecting to receive until the end of the year, and so we suggest that you estimate your remuneration without including the elements of variable pay and any other benefits which you are not guaranteed to receive.

The minimum amount you can choose to subscribe is one share if you subscribe to the Offering.

### ***Custody of your shares, voting rights, dividends***

Your shares will be held in your name in a securities account in a financial institution (BNP Paribas Securities Services). Information regarding custodianship of your shares will be provided to you following the subscription period.

You will be entitled to directly exercise the voting rights attached to your L'Oréal shares. Any dividends paid by L'Oréal will be directly paid to you.

You will receive annual account statements in relation to your shares from the financial institution holding your shares.

### ***Securities Notices***

No prospectus relating to the Offering has been or will be filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark, as the offering of the Shares to eligible employees of the L'Oréal group is exempted from the prospectus requirements pursuant to the Danish Capital Markets Act.

### ***Labor Law Disclaimer***

Please note that this Offering is provided to you by the French company, L'Oréal, not by your local employer. The decision to include a beneficiary in this or any future offering is made by L'Oréal, in its sole discretion. Your participation does not entitle you to future benefits or payments of a similar nature or

value, and does not entitle you to any compensation in the event that you lose your rights under the Offering as a result of the termination of your employment. Benefits that you may receive or be eligible for under this Offering will not be taken into consideration in determining the future benefits, payments or other entitlements, if any, that may be due to you (including in cases of termination of employment).

***Lock-up period and Early Exit Events - In which cases may I ask for an early redemption?***

Under the L'Oréal employee share plan 2022, your investment must be held for a period of five-year, ending on July 26, 2027.

Nevertheless, you may be able to request early release and exit from the plan before the end of the lock-up period in the case of early exit events as described below:

1. marriage or civil union;
2. birth or adoption of a third child (or higher);
3. divorce (if custody of at least one child is retained);
4. domestic violence committed against the employee by his/her spouse, partner, civil partner, or his/her former spouse, partner or civil partner;
5. disability of the employee or spouse or child;
6. death of the employee or his/her spouse;
7. use of proceeds for creation by the employee, child or spouse of certain businesses;
8. use of the proceeds for the acquisition or enlargement of the principal residence;
9. over-indebtedness; and
10. termination of employment.

These early exit events are defined by French law and must be interpreted and applied in a manner consistent with French law. You should not conclude that an early exit event is available unless you have described your specific case to your employer and your employer has confirmed that it applies to your situation, upon your providing the requisite supporting documentation.

## **FREE SHARES**

If you decide to participate in the Offering, you will receive a grant of rights to additional shares of L'Oréal S.A. for free ("**Free Shares**"). You would be entitled to Free Shares proportionally to your subscription for the ratio described below:

<b>Subscription by the Employee</b>	<b>Conditional grant of Free Shares</b>	<b>Shares in total</b>
1 share	1 share	2 shares
2 shares	1 share	3 shares
3 shares	2 shares	5 shares
4 shares	2 shares	6 shares
5 shares	2 shares	7 shares
6 shares	2 shares	8 shares
7 shares	3 shares	10 shares
8 shares	3 shares	11 shares
9 shares	3 shares	12 shares
10 or more shares	4 shares	14 shares or more

The Free Shares will be delivered to you at the end of the vesting period, in July 2027, subject to the terms and conditions provided for in the Free Share Plan Rules. You will find below a summary of certain conditions applicable to the grant, vesting and delivery of the Free Shares. For the full description, please refer to the Free Share Plan Rules made available to you at <https://invest.loreal.com> (in French and English) and upon request to HRM Ken Lim, [ken.lim@loreal.com](mailto:ken.lim@loreal.com).

Subscription to the L'Oréal employee share plan 2022 implies acceptance of the Free Share Plan Rules.

**Eligibility to the grant of Free Shares:** In order to qualify for a grant of Free Shares within the framework of the L'Oréal employee share plan 2022, you must satisfy the following conditions:

- you must have validly subscribed in the context of the L'Oréal employee share plan 2022 and must satisfy all the conditions for participating therein;
- your participation in or your subscription or payment for the L'Oréal employee share plan 2022 must not have been rejected or cancelled on (or prior to) the Grant Date (defined below);
- the payment of the subscription must have been fully settled at the Delivery Date (defined below).

**Grant Date:** The date of the grant shall occur on the date on which the shares subscribed for pursuant to the L'Oréal employee share plan 2022 are issued, i.e. on July 26, 2022, or shortly thereafter. Within weeks of the Grant Date, each beneficiary shall receive a letter or statement electronically confirming that he or

she is a beneficiary of the grant of Free Shares and stipulating the number of Free Shares granted to him or her, subject to the conditions of the Free Share Plan Rules (as summarized hereafter).

**Delivery Date:** Subject to the satisfaction of the conditions stipulated below, the Free Shares will be delivered to you on or around July 26, 2027.

**Conditions to be satisfied to receive the Free Shares at the end of the lock-up period** (you may refer to article 6 of the Free Share Plan Rules for a detailed and full description of that conditions; stipulations below are only a summary of the applicable conditions and do not supersede provisions of the Free Share Plan Rules):

In order to receive the Free Shares, you must remain an employee or corporate officer of the L'Oréal Group from the last day of the subscription period pursuant to the L'Oréal employee share plan 2022 until the 20th calendar day preceding the Delivery Date (the "**Continued Employment Condition**").

The period between the last day of the subscription period pursuant to the L'Oréal employee share plan 2022 and the 20th day calendar day preceding the Delivery Date shall be referred to hereinafter as the "**Acquisition Period**".

Nevertheless, you will be deemed to have satisfied the above Continued Employment Condition if, at any time during the Acquisition Period, you lose the status of employee or corporate officer of the L'Oréal Group for one of the following reasons (the "Exceptions to the Continued Employment condition"):

**Death:** In the event of death, your heir(s) may request, the delivery of the Free Shares within six months of the death. In such a case, any Free Share granted shall be delivered to the assigns shortly after the submission of their request and the Acquisition Period shall not apply. In the absence of such a request, the Free Shares granted to the deceased beneficiary shall be delivered to the heirs on the Delivery Date.

**Disability:** In the event of disability, as defined in Article L. 225-197-1 of the French Commercial Code, during the Acquisition Period, the Free Shares granted shall be delivered shortly after the occurrence of the relevant disability event.

**Retirement:** In the event of retirement at the minimum retirement age stipulated by the law of the relevant country or in the event of retirement pursuant to any retirement scheme, the Free Shares shall be delivered to the beneficiary on the Delivery Date.

**Dismissal for a reason other than gross misconduct or serious misconduct:** In the event of a dismissal for a reason other than gross misconduct or serious misconduct, the Free Shares granted shall be delivered to the Beneficiary on the Delivery Date. For the purposes of the plan, dismissal for gross misconduct or serious misconduct entailing the forfeiture of the right to receive the Free Shares shall be assessed having regard to the regulations of the relevant country applicable to the dismissal of the beneficiary.

**Termination of the employment contract pursuant to the mutual agreement of the employee and the employer:** In the event of the termination of the employment contract of the beneficiary pursuant to a mutual agreement, the Free Shares shall be delivered to the beneficiary on the Delivery Date.

**Change of control of your company/employer:** In the event of a change of control over your company/employer, those beneficiaries who are employees or corporate officers of the relevant company shall receive their Free Shares on the Delivery Date.

**Ownership of the Free Shares:** At the Date of Delivery, any Free Shares delivered will become your full property. Your Free Shares will be delivered and held through the securities account where the shares you subscribed for are registered. In the event that a L'Oréal company is required to pay taxes, social charges or any other governmental charges on behalf of any beneficiary of the Free Shares as a result of the grant or delivery of the Free Shares, L'Oréal reserves the right to delay the transfer of the Free Shares to such person until such person has paid all such amounts, or made arrangements for payment that are satisfactory to L'Oréal, or to cause the sale of the shares and withhold from the proceeds the relevant amounts, as provided for in the article 10 of the Free Share Plan Rules.

## **Tax Information for Employees Resident in Denmark**

*This summary sets forth general principles in effect at the time of subscription of shares in L'Oréal S.A ("L'Oréal") pursuant to the Offering, that are expected to apply to employees who are and who shall remain, until the disposal of their investment, resident in Denmark for the purposes of the tax laws of Denmark and who are subject to ordinary residence taxation in Denmark and do not carry out their professional activity in France. The tax consequences listed below are described in accordance with Danish tax law and certain French tax laws and practices, all of which are applicable on May 1, 2022. These principles and laws may change over time.*

*This summary is given for informational purposes only and should not be relied upon as being either complete or conclusive. For definitive advice concerning your subscription of shares in L'Oréal S.A., employees should consult their own tax advisors.*

### **A. TAXATION IN FRANCE**

#### ***Upon subscription of shares***

You should not be subject to taxation or social charges in France upon subscription.

#### ***Upon grant and delivery of Free Shares***

You should not be subject to taxation or social charges in France upon the grant or delivery of Free Shares.

#### ***Dividends***

Under French domestic law, dividends paid to non-residents of France are subject to a withholding tax of 12,8 % unless they are paid to a bank account opened in a Non-Cooperative State or Territory (NCST)<sup>1</sup> which would trigger a 75% withholding tax in France.

A tax treaty was entered into between Denmark and France on 4 February 2022 but is not in force yet on the date hereof. The date of entry into force of this treaty remains unknown as it is subject to the completion of ratification procedures in both countries. In any event, this treaty provides for a maximum withholding tax rate of 15 % on dividend distributions. Therefore, no reduction of the withholding tax levied at the rate of 12.8 % may be claimed on the basis of the treaty when it will be in force. A tax credit corresponding to French withholding tax should, however, be available in Denmark

#### ***Upon disposal of the investment***

*Gains realized upon disposal of your investment should not be subject to taxation or social charges in France.*

---

<sup>1</sup> The dividend withholding tax rate is increased to 75% when the dividends are paid to a bank account opened in a Non-Cooperative State or Territory as defined under article 238-0 A 1, 2 and 2 bis-1° of the French Tax Code ("NCST"), unless the distribution of the dividends in a NCST has neither the object nor the effect of locating the dividends in such a NCST for tax evasion purposes. The list of NCSTs is updated at least once a year. The states and territories qualifying as NCSTs are currently the following : Anguilla, British Virgin Islands, Panama, Seychelles and Vanuatu.

## B. TAXATION IN DENMARK

Shares acquired under the Offering may be taxed under the regular Danish tax regime or may alternatively, and subject to certain conditions, be taxed under the special employee share tax regime in Section 7 P of the Tax Assessment Act ("**Section 7 P**").

In order to apply the special tax regime in Section 7 P, you must enter into a special tax agreement with your employer at the time of subscription. If such agreement is not concluded, the shares subscribed by you (the "**Shares**"), or granted to you as Free Shares, will be taxed under the regular Danish tax regime.

Below you will find an outline of the anticipated tax treatment under Section 7 P and the regular tax regime respectively.

### 1. Tax treatment under Section 7 P

#### *Upon subscription*

If you choose to apply Section 7 P, you will, as a point of departure, not be taxed until you sell or otherwise dispose of the Shares acquired upon subscription. Thus, you will, as a point of departure, not be required to pay any tax at the time of subscription. Shares covered by Section 7 P are not subject to labor market tax (*AM-bidrag*).

However, application of Section 7 P is subject to the condition that you enter into an agreement with your employer, which confirms the application of Section 7 P (the "**Tax Agreement**"). The Tax Agreement is available at <https://invest.loreal.com> and must be signed by you and delivered to HRM Ken Lim, [ken.lim@loreal.com](mailto:ken.lim@loreal.com), **no later than at the time of your subscription**.

Further, Section 7 P can only be applied to the extent that the economic benefit, i.e. the share price discount of 20%, does not exceed 20 % of your ordinary annual gross salary (meaning your ordinary annual gross salary agreed on at the time of entering into the Tax Agreement) (the "**20% Limit**").

In connection with your subscription, your employer will determine the value of the economic value of the share price discount, and will determine whether Section 7 P may be applied to the share price discount in its entirety.

It is noted that any additional remuneration in the form of shares, share options or share subscription rights, which you have received in 2022 (or which have vested in 2022) and which are covered by Section 7 P, must be taken into account when determining whether the 20% Limit is exceeded. You must therefore inform your employer of such remuneration if and when you sign and deliver the Tax Agreement.

If the economic value of the share price discount received by you exceeds the 20% Limit, the excess portion of the share price discount will be taxed as salary under the general tax regime. See further details on the tax treatment under the general tax regime in Section 2 below.

#### *Upon grant and vesting/delivery of the Free Shares*

If you choose to apply Section 7 P, you will, as a point of departure, not be taxed on the Free Shares until you sell or otherwise dispose of the shares. Thus, you will, as a point of departure, not be required to pay any tax at the time of grant or delivery (vesting) of the Free Shares. Shares covered by Section 7 P are not subject to labor market tax (*AM-bidrag*).



However, application of Section 7 P is subject to the condition that you enter into an agreement with your employer, which confirms the application of Section 7 P (the "**Tax Agreement**"). As mentioned above, the Tax Agreement is available at <https://invest.loreal.com> and must be signed by you and delivered to HRM Ken Lim, [ken.lim@loreal.com](mailto:ken.lim@loreal.com), **no later than at the time of your subscription**.

Further, Section 7 P can only be applied to the extent that the economic value of the Free Shares does not exceed the 20% Limit discussed above.

In determining whether the 20% Limit is exceeded, the share price discount must also be taken into account and it will only be possible to apply Section 7 P to the entire share price discount and all of the Free Shares if the aggregate value of the share price discount and the Free Shares does not exceed the 20% Limit. Further, it is noted that any other shares, share options or share subscription rights which you have received in 2022 (or which have vested in 2022) and which are covered by Section 7 P, must be taken into account when determining whether the 20% Limit is exceeded. You must therefore inform your employer of such remuneration if and when you sign and deliver the Tax Agreement.

Following your subscription and your conditional receipt of Free Shares, your employer will determine the economic value of the Free Shares (and the share price discount) and will determine whether Section 7 P may be applied to the Free Shares in their entirety. If the value of the Free Shares received by you exceeds the 20% Limit, the excess portion of the Free Shares will be subject to salary taxation under the general tax regime if and when the shares are delivered to you. See information on the tax treatment under the general tax regime in Section 2 below.

#### ***Upon receipt of dividends***

The Danish tax treatment of dividends is not affected by your choice of tax regime and will be the same regardless of whether the shares are taxed under Section 7 P or the regular tax regime. Also, the tax treatment of dividends will be the same for shares acquired by subscription and acquired as a grant of Free Shares. Thus, the below information applies to all dividend income derived from shares in L'Oréal.

Dividends received on your shares in L'Oréal will be subject to Danish tax in the year where the dividends are declared by L'Oréal.

The dividends will be taxed as share income at a rate of 27% or 42% depending on your overall share income in the concerned income year and your marital status. Your annual share income up to DKK 57,200 (consolidated threshold of DKK 114,400 for married couples) will be taxed at 27%. Any share income in excess of 57,200 (DKK 114,400 for married couples) will be subject to tax at 42%. All figures mentioned are 2022-figures.

You should be entitled to a tax credit in Denmark for the withholding tax suffered on the dividend in France. It is expected that the tax credit would reduce the Danish tax payable on the dividend by an amount corresponding to the French withholding tax. You must, however, be able to provide documentation for the French withholding tax, if such documentation is requested by the Danish tax authorities.

#### ***Upon disposal of shares which have been acquired by subscription***

Shares which are acquired by you by subscription pursuant to the Offering, and which are taxed under Section 7 P, will be subject to Danish capital gains taxation upon sale or other disposal of the shares.

A gain realized on the Shares upon disposal will be subject to tax. A loss on the Shares may be deducted against dividends and gains derived from other listed shares.

The taxable gain /loss on the Shares will be determined as your sales price less your acquisition price for the shares. Shares, which are gifted away, will for tax purposes be deemed to carry a sales price equal to the average market value of the shares at the time of making the gift.

As regards the acquisition price of the Shares, please note the following:

The acquisition price of shares, which are acquired by subscription, and which are taxed under Section 7 P, will be equal to the subscription price paid by you. However, if you hold shares in L'Oréal that carry different acquisition prices and you do not sell all the shares at the same time, you must determine the taxable gain / loss on the basis of the average acquisition price of all your shares in L'Oréal (rather than the actual acquisition price of the shares being sold). This is because the taxable gain / loss must be determined in accordance with the so-called average share price principle.

A gain on the Shares will be taxed as share income at a rate of 27% or 42%, depending on your overall share income in the concerned income year and your marital status. Your annual share income up to DKK 57,200 (consolidated threshold of DKK 114,400 for married couples) will be taxed at 27%. Any share income in excess of DKK 57,200 (DKK 114,400 for married couples) will be subject to tax at 42%. All figures mentioned are 2022-figures.

A loss on the Shares may be off-set only against income from other listed shares. Further, such loss is only deductible to the extent that your acquisition of the shares is reported to the Danish tax authorities within the tax reporting deadline for the year of acquisition. The information to be reported includes information on the identity of the shares, the number of shares acquired, the date of acquisition and the acquisition price. Your employer will report this information to the tax authorities, but you are, however, obligated to ensure that the required data concerning your share acquisition is registered correctly in your personal online tax file within the tax reporting deadline for the year of subscription, i.e. 2022.

To avoid interest charges, any tax arising from the disposal of the shares must be paid to the Danish tax authorities no later than 31 December in the income year where the disposal occurs.

### ***Upon disposal of the Free Shares***

Shares which are granted to you as Free Shares pursuant to the Offering, and which are taxed under Section 7 P, will be subject to Danish capital gains taxation upon sale or other disposal of the shares.

A gain on the Free Shares is to be determined as the sales price less your acquisition price, but since your acquisition cost for the Free Shares is zero, the taxable gain on the Shares will, as a point of departure, be equal to your sales price.

However, please note that if you hold other shares in L'Oréal than the Free Shares, and you do not sell of your shares in L'Oréal at the same time, you must determine the taxable gain on the Free Shares on the basis of the average acquisition price of all shares held by you in L'Oréal. This is because the taxable gain / loss on shares must be determined in accordance with the so-called average share price principle.

It is also noted that shares, which are gifted away, are deemed to have been sold at market value. Your sales price on such shares will therefore be equal to the market value of the shares at the time of disposal.

A gain on your Free Shares will be taxed as share income at a rate of 27% or 42%, depending on your overall share income in the concerned income year and your marital status. Your annual share income up to DKK 57,200 (consolidated threshold of DKK 114,400 for married couples) will be taxed at 27%. Any share income in excess of DKK 57,200 (DKK 114,400 for married couples) will be subject to tax at 42%. All figures mentioned are 2022-figures.

If the average share price principle applies (as discussed above), you may possibly suffer a *technical* loss on your Free Shares. Such loss may be deducted against income from other listed shares, provided that your acquisition of the Free Shares has been reported to the Danish tax authorities within the tax reporting deadline covering the year of vesting of the Free Shares. It is believed that the vesting of the Free Shares occurs at the time of delivery of the Free Shares (see further information concerning vesting in Section 2 below). The information to be reported to the tax authorities includes information on the identity of the shares, the number of shares acquired, the date of acquisition and the acquisition price. Your employer will submit this information to the tax authorities, but you are, however, obligated to secure that the required data concerning your share acquisition is registered correctly in your personal tax file within your tax reporting deadline for the year of vesting.

To avoid interest charges, any tax arising from the disposal of the shares must be paid to the Danish tax authorities no later than 31 December in the income year where the disposal occurs.

## **2. Tax Treatment under the general Danish tax regime**

If you do not enter into a Tax Agreement with your employer at the time of subscription, the share price discount and the Free Shares will be subject to tax under the general Danish tax regime.

This entails that taxation will occur at the following events:

- a) Upon subscription;
- b) Upon vesting/delivery of the Free Shares;
- c) Upon receipt of dividends; and
- d) Upon disposal of the shares.

The main aspects of the anticipated tax treatment under the general Danish tax regime are outlined below.

### ***Upon subscription***

The share price discount will be taxed as salary at progressive income tax rates of up to approx. 56.5%, including labor market tax (*AM-bidrag*). Taxation will occur in the year of subscription, i.e. 2022.

The share price discount to be taxed will be determined as: The market value of the Shares on the day of subscription less the subscription price paid by you. The market value of the Shares on the day of subscription should generally be determined on the basis of the closing price of the L'Oréal share on Euronext on the day of subscription.

As mentioned in Section 1 above, salary taxation will also apply if you have applied Section 7 P, but the value of the share price discount exceeds the 20% Limit in Section 7 P. In such event, the excess portion of the share price discount will be taxed at salary in accordance with the principles outlined above.

### ***Upon grant and vesting/delivery of Free Shares***

Due to the conditions attached to the grant of the Free Shares, it is believed that no taxation should occur upon grant. Instead, the Free Shares should be subject to tax at the time of vesting, i.e. when you obtain an unconditional legal entitlement to receive the Free Shares.

A legal entitlement to the Free Shares is believed to arise upon expiry of the five-year vesting period in 2027, or, as applicable, at the time of an early vesting event (see the description of early exit events outlined in the summary of the Offering above). At such time, the Free Shares becomes subject to salary taxation at progressive income tax rates of up to approx. 56.5%, including labor market tax (*AM-bidrag*). The actual rate of taxation will, however, depend on your income level and the applicable tax rates in the year of vesting.

The basis for taxation will generally be the closing price of the L'Oréal share on Euronext on the date where L'Oréal concludes that the vesting conditions are met.

As mentioned in Section 1 above, salary taxation will also apply if you have applied Section 7 P, but the value of the Free Shares share price discount exceeds the 20% Limit in Section 7 P. In such event, the excess portion of the share price discount will be taxed at salary in accordance with the principles outlined above.

### ***Upon receipt of dividends***

As mentioned in Section 1 above, the Danish tax treatment of dividends is not affected by your choice of tax regime and will be the same regardless of whether your acquisition of Shares and Free Shares is taxed under Section 7 P or the general tax regime. Therefore please refer to the dividend section in Section 1 above for information on the tax treatment of dividends.

### ***Upon disposal of shares acquired by subscription***

You will be subject to Danish capital gains taxation upon sale or other disposal of the shares acquired by you by way of subscription and which are taxed under the general Danish tax regime.

A gain realized on the Shares at disposal will be subject to tax. A loss on the Shares may be deducted against dividends and gains derived from other listed shares.

The taxable gain /loss on the Shares is determined as your sales price less your acquisition price for the Shares.

Shares, which are gifted away, are deemed to carry a sales price, which is equal to the market value of the shares at the time of making the gift.

As regards your acquisition price for the Shares, the following is noted:

The acquisition price of shares, which are subject to tax under the general tax regime, is equal the market value of the shares on the date of subscription. The market price is generally determined on the basis of the closing price of the share on Euronext on the date of subscription.

However, if you hold shares in L'Oréal that carry different acquisition prices and you do not sell all the shares at the same time, you must determine the taxable gain / loss on the shares, which you sell, on basis of the average acquisition price of all your shares in L'Oréal (rather than the acquisition price of the shares being sold). This is because the taxable gain / loss must be determined in accordance with the so-called average share price principle.

A gain on the Shares will be taxed as share income at a rate of 27% or 42%, depending on your overall share income in the concerned income year and your marital status. Your annual share income up to DKK 57,200 (consolidated threshold of DKK 114,400 for married couples) will be taxed at 27%. Any share income in excess of DKK 57,200 (DKK 114,400 for married couples) will be subject to tax at 42%. All figures mentioned are 2022-figures.

A loss on the Shares may be off-set only against income from other listed shares. Further, such loss is only deductible to the extent that your acquisition of the shares has been reported to the Danish tax authorities within the tax reporting deadline covering the year of acquisition. The information to be reported includes information on the identity of the shares, the number of shares acquired, the date of acquisition and the acquisition price. Your employer will report this information to the Danish tax authorities, but you are, however, obligated to ensure that the required data concerning your share acquisition is registered correctly in your personal online tax file within your tax reporting deadline for the year of subscription, i.e. 2022.

To avoid interest charges, any tax arising from the disposal of the shares must be paid to the Danish tax authorities no later than 31 December in the income year where the disposal occurs.

### ***Upon disposal of the Free Shares***

Shares which are granted to you as Free Shares pursuant to the Offering, and which are taxed under the regular Danish tax regime, will be subject to Danish capital gains taxation upon sale or other disposal of the shares.

The taxable gain / loss on the Free Shares will be equal to the sales price less the acquisition price.

Due to the fact that you are taxed on the market value of the Free Shares at the time of vesting, the Free Shares will be deemed to carry an acquisition price, which is equal to the market value of the share at the time of vesting. The market value of the share at vesting is generally determined on the basis of the closing price of the L'Oréal share on Euronext at the date of vesting.

However, please note that if you hold other shares in L'Oréal than the Free Shares, and you do not sell all of your shares in L'Oréal at the same time, you must calculate the taxable gain on the Free Shares on the basis of the average acquisition price of all shares held by you in L'Oréal (rather than the acquisition price of the shares being sold). This is because the taxable gain / loss on shares must be determined in accordance with the so-called average share price principle.

Please also note that shares, which are gifted away, are deemed to carry a sales price, which is equal to the market value of the shares at the time of making the gift.

A gain on the Free Shares will be taxed as share income at a rate of 27% or 42%, depending on your overall share income in the concerned income year and your marital status. Your annual share income up to DKK 57,200 (consolidated threshold of DKK 114,400 for married couples) will be taxed at 27%. Any share income in excess of DKK 57,200 (DKK 114,400 for married couples) will be subject to tax at 42%. All figures mentioned are 2022-figures.

A loss on the Free Shares may be deducted against income from other listed shares, provided that your acquisition of the Free Shares has been reported to the Danish tax authorities within the tax reporting deadline covering the year in which vesting of the Free Shares occurs. The information to be reported to the tax authorities includes information on the identity of the shares, the number of shares acquired, the date of acquisition and the acquisition price. Your employer will report this information to the tax

authorities, but you are, however, obligated to ensure that the required data concerning your acquisition of the Free Shares is registered correctly in your personal online tax file within the tax reporting deadline covering the year of vesting.

To avoid interest charges, any tax arising from the disposal of the shares must be paid to the Danish tax authorities no later than 31 December in the income year where the disposal occurs.

## **TAX REPORTING OBLIGATIONS**

### **1. Reporting obligations under Section 7 P**

#### ***Shares acquired by subscription and shares acquired as a grant of Free Shares***

Your employer will report your acquisition of the shares, which are acquired by subscription to the Danish tax authorities. This reporting will be done in January 2023. Your employer will also report your acquisition of the Free Shares. This reporting will be done upon expiry of the vesting period applicable to the Free Shares.

Upon receipt of the above information from your employer, the Danish tax authorities should register your acquisition of the said shares in your personal online tax file, which is accessible via TastSelv at the tax authorities' website [www.skat.dk](http://www.skat.dk). You are obligated to ensure that the information concerning your acquisition of the shares is registered correctly in your tax file.

You are responsible for meeting all other reporting requirements applicable to the Shares and the Free Shares.

This means that you must report any receipt of dividends received on the Shares and the Free Shares to the Danish tax authorities. The dividend must be reported in your tax return covering the year where the dividend is declared. Further, you must report any capital gains/losses realized upon disposal of the Shares and the Free Shares. The gain/loss must be included in your tax return covering the year of disposal. Furthermore, the market value of your shares as per 31 December must annually be reported by you in your tax return, if your shares are held in a non-Danish custody account.

You will also be directly liable and responsible for the payment of the Danish taxes on the above income items and capital gains. To avoid interest charges on the tax payable, payment must be made to the Danish tax authorities no later than 31 December in the income year where taxation arises.

### **2. Reporting obligations under the regular Danish tax regime**

#### ***Shares acquired by subscription***

Your employer will report the share price discount obtained on the Shares to the Danish tax authorities. This reporting will be done shortly after subscription. You are, however, obligated to ensure that the share price discount is included as a salary item in your tax return covering the year in which subscription takes place, i.e., 2022.

Your employer will also report your acquisition of the shares to the Danish tax authorities. This reporting will be done in January 2023. Upon receipt of this information, the Danish tax authorities should register your acquisition of the said shares in your personal online tax file, which is accessible via TastSelv at the tax authorities' website [www.skat.dk](http://www.skat.dk). You are obligated to ensure that the information concerning your acquisition of the shares is registered correctly in your tax file.

You are responsible for meeting all other reporting requirements applicable to the shares.

This means that you must report any receipt of dividends received on the shares to the Danish tax authorities. The dividend must be reported in your tax return covering the year where the dividend is declared. Further, you must report any capital gains gains/losses realized upon disposal of the shares. The gain/loss must be included in your tax return covering the year of disposal. Furthermore, the market value of your shares as per 31 December must annually be reported by you in your tax return, if your shares are held in a non-Danish custody account.

You will also be directly liable and responsible for the payment of the Danish taxes on the above income items. To avoid interest charges on the tax payable, payment must be made to the Danish tax authorities no later than 31 December in the income year where taxation arises.

You will also be directly liable and responsible for the payment of Danish tax on the above amounts. To avoid interest charges on the tax payable, payment must be made to the Danish tax authorities no later than 31 December in the income year where taxation arises.

### ***Shares acquired as a grant of Free Shares***

Your employer will report the value of the Free Shares granted to you upon vesting, i.e. upon expiry of the vesting period. You are, however, obligated to ensure that the value of the Free Shares is included as a salary item in your tax return covering the year of vesting.

Your employer will also report your acquisition of the Free Shares to the Danish tax authorities. This reporting will be done before 20 January in the year following the year of vesting. Thus, if the Free Shares granted to you are vesting at the expiry of the five-year vesting period in 2027, your employer will report the grant of the Free Shares to the Danish tax authorities before 20 January 2028.

Upon receipt of information from your employer concerning your acquisition of the vested Free Shares, the Danish tax authorities should register the acquisition in your personal online tax file, which is accessible via TastSelv at the tax authorities' website [www.skat.dk](http://www.skat.dk). You are, however, obligated to ensure that your acquisition of the Free Shares is registered correctly in your tax file.

You are responsible for meeting all other reporting requirements applicable to the shares.

This means that you must report any receipt of dividends received on the shares to the Danish tax authorities. The dividend must be reported in your tax return covering the year where the dividend is declared. Further, you must report any capital gains gains/losses realized upon disposal of the shares. The gain/loss must be included in your tax return covering the year of disposal. Furthermore, the market value of your shares as per 31 December must annually be reported by you in your tax return, if your shares are held in a non-Danish custody account.

You will also be directly liable and responsible for the payment of the Danish taxes on the above income items and capital gains. To avoid interest charges on the tax payable, payment must be made to the Danish tax authorities no later than 31 December in the income year where taxation arises.

\*\*\*