Groupe L'OCCITANE

L'OCCITANE INTERNATIONAL S.A.

49, Boulevard Prince Henri L-1724 Luxembourg

R.C.S. Luxembourg: B80359

(Incorporated under the laws of Luxembourg with limited liability)

(Stock code: 973)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF A MAJORITY EQUITY INTEREST IN SOL DE JANEIRO HOLDINGS, INC.

INTRODUCTION

The Company is pleased to announce that on 15 November 2021 (after trading hours), the Company, Sol de Janeiro, Merger Sub and the Seller Representative entered into the Merger Agreement, pursuant to which, among other things, the Company agreed to acquire an indirect equity interest of approximately 83% in Sol de Janeiro.

Concurrently with the execution of the Merger Agreement, certain specified Stockholders, cumulatively representing approximately 70% of the outstanding number of shares of common stock of Sol de Janeiro have executed and delivered to the Company a support agreement, pursuant to which, among other things, such Stockholders agreed to vote all shares of common stock of Sol de Janeiro held by them in favor of approving the Merger Agreement and the Transactions. In addition, the Rollover Participants have agreed to roll over a portion of their shares cumulatively representing an indirect equity interest of approximately 17% in Sol de Janeiro at Closing.

The total cash consideration payable by the Company under the Merger Agreement is based on an equity value for 100% of the shares of common stock of Sol de Janeiro of US$450,000,000 (equivalent to approximately HK$3,510,000,000). This amount will be reduced by the aggregate value of the shares to be contributed by the Rollover Participants and will be subject to certain customary adjustments contemplated by the Merger Agreement.

The Closing is subject to the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions set forth in the Merger Agreement, and is currently expected to occur by 31 December 2021.

LISTING RULES IMPLICATIONS

As one or more of the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Transactions exceeds 5% but all of them are less than 25%, the Transactions are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Closing is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent set forth in the Merger Agreement. Accordingly, the Transactions may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Company is pleased to announce that on 15 November 2021 (after trading hours), the Company, Sol de Janeiro, Merger Sub and the Seller Representative entered into the Merger Agreement, pursuant to which, among other things, the Company agreed to acquire an indirect equity interest of approximately 83% in Sol de Janeiro.

Concurrently with the execution of the Merger Agreement, certain specified Stockholders, cumulatively representing approximately 70% of the outstanding number of shares of common stock of Sol de Janeiro, have executed and delivered to the Company a support agreement, pursuant to which, among other things, such Stockholders have agreed to vote all shares of common stock of Sol de Janeiro held by them in favor of approving the Merger Agreement and the Transactions. In addition, the Rollover Participants have agreed to roll over a portion of their shares of common stock of Sol de Janeiro, pursuant to the Rollover Agreement.

The Closing is subject to the expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and other customary closing conditions set forth in the Merger Agreement, and is expected to occur by 31 December 2021.

THE ACQUISITION

Set out below is a summary of the principal terms and conditions of the Merger Agreement and certain material transactions contemplated thereunder:

Date

15 November 2021 (after trading hours)

Parties

(a) the Company;

(b) Merger Sub;

(c) Sol de Janeiro; and

(d) the Seller Representative (solely in such capacity).

The Transactions

The Company agreed to acquire an indirect equity interest of approximately 83% in Sol de Janeiro in accordance with the terms and conditions of the Merger Agreement.

Immediately prior to the Effective Time, in accordance with the terms and conditions of the Rollover Agreement, (a) the Rollover Participants will contribute a portion of their shares of common stock of Sol de Janeiro to Intermediate Holding Company in exchange for shares of common stock of Intermediate Holding Company (the "**Rollover**"), (b) Parent Subsidiary will contribute an amount equal to the Estimated Aggregate Closing Consideration to Intermediate Holding Company in exchange for shares of common stock of Intermediate Holding Company (the "**Parent Subsidiary Contribution**"), and (c) Intermediate Holding Company will contribute the Rollover Shares and an amount equal to the Estimated Aggregate Closing Consideration to Merger Sub Holding Company, in exchange for shares of Merger Sub Holding Company (the "**Intermediate Holding Company Contribution**").

At the Effective Time, Merger Sub will be merged with and into Sol de Janeiro (the "**Merger**"), with Sol de Janeiro continuing as the surviving entity in the Merger (the "**Surviving Corporation**"), such that, following the Rollover, the Parent Subsidiary Contribution, the Intermediate Holding Company Contribution and the consummation of the Merger, (i) the Surviving Corporation will be a wholly owned subsidiary of Merger Sub Holding Company, (ii) Merger Sub Holding Company will be a wholly owned subsidiary of Intermediate Holding Company, and (iii) Intermediate Holding Company will be owned by Parent Subsidiary (as to approximately 83%) and the Rollover Participants (as to approximately 17%).

Aggregate Cash Consideration

The total cash consideration payable by the Company under the Merger Agreement is based on an equity value for 100% of the shares of common stock of Sol de Janeiro of US$450,000,000 (equivalent to approximately HK$3,510,000,000). This amount will be reduced by the aggregate value of the shares to be contributed by the Rollover Participants pursuant to the Rollover, and will be subject to certain customary adjustments contemplated by the Merger Agreement, such as (a) an increase to account for the total amount of Closing Cash, (b) the Closing Working Capital Adjustment Amount (which amount may be a positive number, a negative number or zero), (c) a reduction for the total amount of Closing Indebtedness, and (d) a reduction for the total amount of Company Transaction Expenses (the "**Aggregate Cash Consideration**").

The Aggregate Cash Consideration was determined after arm's length commercial negotiations between the parties based, among other things, on prevailing market conditions, the net asset value of the Group, and its business prospects.

Payment of the Aggregate Cash Consideration will be funded by the Company's cash on hand and existing banking facilities.

Closing Payments and Post-Closing Adjustment

At Closing, the Company shall make, or cause to be made, the payments contemplated by the Merger Agreement, including payment of (i) a cash amount equal to the estimated Aggregate Closing Consideration based on Sol de Janeiro's calculations to be delivered by Sol de Janeiro to the Company prior to the date of Closing (the "**Estimated Aggregate Closing Consideration**"), and (ii) an amount in cash equal to US$5,000,000 (the "**Escrow Amount**").

By no later than 90 days after the date of Closing, the Company shall deliver to the Seller Representative a closing statement containing the Company's calculations of the Aggregate Closing Consideration. The Estimated Aggregate Closing Consideration will be subject to a customary post-Closing adjustment based on the actual amount of the Aggregate Closing Consideration to be determined in accordance with the Merger Agreement, provided that in no circumstances shall the amount of the adjustment exceed the Escrow Amount (if an adjustment is due in favour of the Company) or US$5,000,000 (if an adjustment is due in favour of the Stockholders).

Conditions Precedent and Closing

The Closing is conditioned upon the satisfaction or waiver by the applicable parties of customary closing conditions, including:

(a) the termination or expiration of all required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations promulgated thereunder;

(b) the absence of any law or governmental order, inquiry, proceeding or other action that would prohibit the Transactions;

(c) Sol de Janeiro shall have obtained and delivered to the Company the Stockholder Approval, and such Stockholder Approval remaining in effect as of the Closing; and

(d) there shall not have occurred any Material Adverse Effect.

The Closing will occur on the third business day following the satisfaction or waiver of the conditions to Closing set forth in the Merger Agreement, and is currently expected to occur by 31 December 2021.

Termination

The Merger Agreement may be terminated at any time prior to Closing, among others, (i) by mutual written consent of the Company and Sol de Janeiro, (ii) by written notice if Closing has not occurred by 5:00 p.m. on 14 February 2022, (iii) if the Transactions are prohibited by applicable law, or (iv) if the Stockholder Approval is not obtained within 48 hours of signing the Merger Agreement.

Representations and Warranties; Indemnification

Under the Merger Agreement, Sol de Janeiro has made customary representations and warranties to the Company relating to, among other things, organization and qualification, power and authorization, consents and requisite authorization of governmental authorities, non-contravention, capitalization of Sol de Janeiro and its subsidiaries, financial matters, legal compliance, international trade and anti -corruption matters, product liability, intellectual property, privacy and data protection, related party transactions, labor matters, and tax matters (the "**SDJ Representations**"). The SDJ Representations will survive until the second anniversary of Closing.

The Stockholders have agreed to indemnify the Company (and, after the Closing, the Surviving Corporation), their affiliates and each of their respective officers, directors, managers, employees, successors and assigns (each, an "**Indemnitee**") for losses that the Indemnitees may sustain as a result of (i) any breach or inaccuracy of the SDJ Representations, (ii) any breach of or failure to perform certain covenants or agreements that are required to be performed by Sol de Janeiro on or prior to the Closing, and (iii) any pre-Closing taxes and any breach or inaccuracy of any SDJ Representations relating to tax matters, in each case up to the Escrow Amount and subject to customary liability limitations.

INFORMATION ABOUT SOL DE JANEIRO AND ITS SUBSIDIARIES

Sol de Janeiro, including its subsidiaries, is an innovative leader in the global premium body care market. Founded in the US, Sol de Janeiro is inspired by an authentic Brazilian philosophy of self-love and joy. It has shown cross-category success, selling premium body care, fragrance and hair care products both directly to consumers through its websites and wholesale to various distribution channels.

Consolidated Financial Information of Sol de Janeiro

The financial information of Sol de Janeiro (on a consolidated basis) for the two years ended 31 December 2020 are set out below:

	For the year ended 31 December 2020 *US$* audited	**For the year ended 31 December 2019** *US$* management account
Total assets	28,999,866	23,688,967
Revenue	60,000,007	38,790,443
Net profit before tax	12,963,937	6,229,953
Net profit after tax	10,034,808	5,412,557

INFORMATION ABOUT THE COUNTERPARTIES TO THE TRANSACTIONS

The Group and Merger Sub

The Group is an international group that manufactures and retails beauty and well-being products that are rich in natural and organic ingredients. As a global leader in the premium beauty market, the Group has more than 3,000 retail outlets, including approximately 1,500 owned stores, and is present in 90 countries. Through its six brands — L'Occitane en Provence, Melvita, Erborian, L'Occitane au Brésil, LimeLife by Alcone and ELEMIS — the Group offers new and extraordinary beauty experiences, using high quality products that respect nature, the environment and the people who surround it.

Merger Sub is a wholly owned subsidiary of the Company established as an investment holding entity solely for the purpose of the Merger. Upon completion of the Merger, Merger Sub will be fully merged with and into Sol de Janeiro, with Sol de Janeiro continuing as the Surviving Corporation.

Sol de Janeiro's Stockholders

The Stockholders include Sol de Janeiro's founders, officers, employees and certain institutional investors. The Stockholders comprise, among other current stockholders of Sol de Janeiro, the Seller Representative (representing the Stockholders of Sol de Janeiro that will no longer have any interest in Sol de Janeiro after the Merger) and the Rollover Participants (whose interests in Sol de Janeiro before the Transactions will be rolled over to represent an aggregate equity interest of approximately 17% in Intermediate Holding Company, a subsidiary of the Company, after the Transactions).

Seller Representative

Shareholder Representative Services LLC, solely in its capacity as the representative, agent and attorney-in-fact of the Stockholders.

Rollover Participants

The Rollover Participants include (i) First Octave LLC, a subsidiary of Heela Yang, who is currently serving as Chief Executive Officer of Sol de Janeiro, and (ii) Marc Capra, who is currently serving as Creative Director of Sol de Janeiro. Following completion of the Transactions, First Octave LLC and Marc Capra will own an equity interest of approximately 17% in Intermediate Holding Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Stockholders, including the Seller Representative and the Rollover Participants, being the counterparties to the Transactions, and their ultimate beneficial owners (where applicable), are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions are in line with the Group's strategy of building a leading portfolio of premium beauty brands. Sol de Janeiro is a strategic fit for the Group in terms of brand recognition and identity, product quality, management capability, as well as growth, profitability and cash generation prospects. Sol de Janeiro's digital presence and established body care business in the US is complementary to the Group's balanced geographic strategy to build a portfolio of strong brands in all major geographic regions. Meanwhile, Sol de Janeiro is expected to leverage on the Group's wide international presence to expand into new markets.

The Board believes the Transactions are complementary to the Group's existing business strategy and will be accretive to the Group's future growth and profitability globally.

The Board considers that the terms of the Merger Agreement and the Transactions are fair and reasonable, and are in the best interest of the Group and its shareholders as a whole.

CONFIRMATION FROM THE DIRECTORS

The Board (including the independent non-executive Directors) considers that the terms of the Merger Agreement are normal commercial terms and are fair and reasonable, and that the Transactions are in the best interests of the Group and its shareholders as a whole.

None of the Directors has a material interest in the Transactions, and therefore no Director is required to abstain from voting on the resolutions regarding such Transactions at the board meeting.

IMPLICATIONS OF THE LISTING RULES

As one or more of the relevant applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Transactions exceeds 5% but all of them are under 25%, the Transactions are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Closing is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent set forth in the Merger Agreement. Accordingly, the Transactions may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

"Board"	the board of Directors
"Closing"	the closing of the Merger in accordance with the terms and conditions of the Merger Agreement
"Closing Cash"	has the meaning given to such term in the Merger Agreement, and refers to the consolidated cash and cash equivalents of Sol de Janeiro and its subsidiaries as of Closing
"Closing Indebtedness"	has the meaning given to such term in the Merger Agreement, and refers to the consolidated debt for borrowed money and other customary indebtedness of Sol de Janeiro and its subsidiaries as of Closing
"Closing Working Capital Adjustment Amount"	has the meaning given to such term in the Merger Agreement, and refers to the amount by which the consolidated net working capital of Sol de Janeiro and its subsidiaries as of Closing (a) exceeds US$23,100,000 or (b) is lower than US$18,900,000, as applicable
"Company"	L'Occitane International S.A., a company incorporated in Luxembourg with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00973)
"Company Transaction Expenses"	has the meaning given to such term in the Merger Agreement, and refers to customary costs and expenses incurred by Sol de Janeiro and its subsidiaries in connection with the Transactions
"DGCL"	the General Corporation Law of the State of Delaware
"Director(s)"	the director(s) of the Company
"Effective Time"	the date and time at which the Merger becomes effective in accordance with the Merger Agreement
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Intermediate Holding Company"	LOC SOL Owners Inc, a Delaware corporation that is indirectly owned by the Company and directly owned by Parent Subsidiary and the Rollover Participants
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Material Adverse Effect"	has the meaning given to such term in the Merger Agreement, and includes any event that, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on (a) the results of operations, business, assets, properties or financial condition of Sol de Janeiro and its subsidiaries, taken as a whole, or (b) the ability of Sol de Janeiro and its subsidiaries to consummate the Transactions in a timely manner
"Merger Agreement"	the Agreement and Plan of Merger, dated as of 15 November 2021, by and among the Company, Sol de Janeiro, Merger Sub and the Seller Representative

"Merger Sub"	Samba Acquisition, LLC, a Delaware limited liability company that is indirectly owned by the Company and directly owned by Merger Sub Holding Company
"Merger Sub Holding Company"	LOC SOL Target Inc, a Delaware corporation that is indirectly owned by the Company and directly owned by Intermediate Holding Company
"Parent Subsidiary"	LOC SOL Holdings Inc, a Delaware corporation that is directly owned by the Company
"Rollover Agreement"	Rollover and Contribution Agreement by and among the Rollover Participants and Intermediate Holding Company, executed substantially concurrently with the execution of the Merger Agreement
"Rollover Participants"	collectively, First Octave LLC and Marc Capra
"R&W Insurance Policy"	any Representations and Warranties Insurance Policy with respect to the representations and warranties given by Sol de Janeiro under the Merger Agreement, secured for the benefit of the Company as the named insured
"Seller Representative"	Shareholder Representative Services LLC
"Shareholders"	the shareholders of the Company
"Shares"	ordinary shares in the issued share capital of the Company
"Sol de Janeiro"	Sol de Janeiro Holdings, Inc.
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Stockholders"	the holders of shares of common stock of Sol de Janeiro immediately prior to the Effective Time
"Stockholders Approval"	the written consent of the Stockholders in accordance with Section 228 of the DGCL and the terms of the Merger Agreement
"Transactions"	the transactions contemplated by the Merger Agreement
"USA"	the United States of America
"US$"	United States dollars, the lawful currency of the USA

For the purpose of this announcement, unless otherwise indicated, the exchange rate of US$1.00 = HK$7.80 has been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK$ has been, could have been or may be converted at such or any other rates or at all.

By Order of the Board
L'Occitane International S.A.
Reinold Geiger
Chairman

Luxembourg, 15 November 2021

As at the date of this announcement, the executive Directors are Mr. Reinold Geiger (Chairman), Mr. André Hoffmann (Vice-Chairman and Chief Executive Officer), Mr. Yves Blouin (Group Managing Director), Mr. Thomas Levilion (Group Deputy General Manager, Finance and Administration), Mr. Karl Guénard (Company Secretary) and Mr. Séan Harrington (Chief Executive Officer of ELEMIS) and the independent non-executive Directors are Mrs. Valérie Bernis, Mr. Charles Mark Broadley, and Mr. Jackson Chik Sum Ng.