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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **L'Occitane International S.A.**, you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for the securities referred to in this circular.

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)

**(1) CONNECTED TRANSACTION AND SPECIAL DEAL
AND
(2) NOTICE OF EGM
IN RESPECT OF DISPOSAL OF GROWN ALCHEMIST**

Independent Financial Adviser to the Independent Board Committee



Capitalised terms used on this cover page shall have the same meanings as those defined in Appendix I to this circular headed "Definitions". A notice of the EGM to be held at 27th Floor, Jardine House, One Connaught Place, Hong Kong on Friday, 21 June 2024 at 4:00 p.m. (Hong Kong Time) is set out in this circular.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (group.loccitane.com).

Whether or not you are able to attend the meeting in Hong Kong, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e., before 4:00 p.m. (Hong Kong Time) on Wednesday, 19 June 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM in Hong Kong or any adjournment thereof if they so wish in which case any proxy provided in advance shall be deemed to be withdrawn.

5 June 2024

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Executive Directors:

Mr. Reinold Geiger (*Chairman of the Board*)
Mr. Laurent Marteau (*Chief Executive Officer*)
Mr. André Joseph Hoffmann
Mr. Karl Guénard
Mr. Séan Harrington

Non-executive Director:

Mr. Thomas Levilion

Independent Non-executive Directors:

Mrs. Christèle Hiss Holliger
Mr. Charles Mark Broadley
Ms. Betty Liu
Mr. Jackson Chik Sum Ng

Registered Office:

49, Boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg

Principal Place of Business

in Hong Kong:

20/F, K11 ATELIER King's Road
728 King's Road
Quarry Bay
Hong Kong

5 June 2024

To Shareholders

Dear Sirs/Mesdames,

**(1) CONNECTED TRANSACTION AND SPECIAL DEAL
AND
(2) NOTICE OF EGM
IN RESPECT OF DISPOSAL OF GROWN ALCHEMIST**

1. INTRODUCTION

Reference is made to the GA Announcement and the Offers Announcement. The purpose of this circular is to give Shareholders: (a) further information about the GA Disposal; (b) the recommendation from the Independent Board Committee to the Disinterested Shareholders as to voting on the GA Disposal (set out in Appendix II to this circular headed "Letter from Independent Board Committee"); (c) the opinion of the Independent Financial Adviser to the Independent Board Committee as to whether the GA Disposal is fair and reasonable (set out in Appendix III to this circular headed "Letter from Independent Financial Adviser"); (d) the

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reports from the Company's independent auditor and the Independent Financial Adviser on the GA Financial Information and Expected Gain (set out in Appendix IV to this circular headed "Reports from the Company's Independent Auditor and the Independent Financial Adviser on the GA Financial Information and Expected Gain"); and (e) notice of the EGM convened by the Company for Shareholders to consider and, if thought fit, approve by ordinary resolution the GA Disposal.

As disclosed in the section headed "Other arrangements — Special deal with respect to the GA Disposal" in the Offers Announcement:

- (a) Under the Listing Rules: (i) the GA Disposal constitutes a connected, but not a discloseable, transaction of the Company, given that Lavender is an associate of Mr. André Hoffmann (an executive Director) and the highest of the applicable size test ratios (calculated in accordance with Rule 14.07 of the Listing Rules) is between 0.1% and 5%; and (ii) accordingly, the GA Disposal is subject to reporting and announcement requirements, but is exempt from circular (including independent financial advice) and shareholder approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.
- (b) Notwithstanding the position under the Listing Rules set out above, the GA Disposal is considered a "special deal" under Rule 25 of the Takeovers Code as it constitutes a disposal of the Group's assets to a Shareholder (being Lavender) when the Offers were reasonably in contemplation.
- (c) Accordingly, the Offers are conditional upon, among others, obtaining consent from the Executive in respect of the GA Disposal, which, in turn, would be conditional upon: (i) the Independent Financial Adviser giving a public opinion that the terms of the GA Disposal are fair and reasonable; and (ii) Disinterested Shareholders approving, by ordinary resolution, the GA Disposal at the EGM.
- (d) Should the above conditions to obtaining the Executive's consent in respect of the GA Disposal not be fulfilled, the condition to the Offers referred to in paragraph (c) above (being Condition (f) to the Share Offer as set out in the Offers Announcement) may be waived by Offeror, following which the GA Disposal will be terminated.

2. TRANSACTION BACKGROUND

Immediately prior to the Grown Alchemist transactions

Immediately prior to the Grown Alchemist transactions that took place on 28 March 2024, Grown Alchemist was owned as to 65% by the Target (which is an investment holding company that does not have any operations other than holding interests in Grown Alchemist), and as to 35% by the Company.

LETTER FROM THE BOARD

The shareholding structure of the Target at that time was as follows:

Shareholders of Target	<i>Number of shares (Class A/ Class B)⁽¹⁾</i>	<i>Approximate % of equity interest</i>	<i>Approximate % of voting interest</i>
Company	1,602,000 (Class A)	53.40	82.62
Lavender	95,000 (Class A)	3.17	4.90
	530,500 (Class B)	17.68	—
Mr. Séan Harrington ⁽²⁾	95,000 (Class A)	3.17	4.90
	530,500 (Class B)	17.68	—
Other shareholders ⁽³⁾	<u>147,000 (Class A)</u>	<u>4.90</u>	<u>7.58</u>
	3,000,000		
	(1,939,000 (Class A);		
Total	<u><u>1,061,000 (Class B)</u></u>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

Notes:

1. The shares issued by the Target comprise Class A (voting) shares and Class B (non-voting) shares.
2. Mr. Séan Harrington indirectly held shares in the Target through his wholly-owned corporation. Mr. Séan Harrington is not a shareholder of the Company.
3. The other shareholders comprise three other individuals who are independent third parties of the Company. Each of such individuals is not a shareholder of the Company.

The Grown Alchemist transactions

On 28 March 2024, the Company entered into a share sale and purchase agreement with the Target (which, at that time, was a subsidiary of the Company held as to approximately 53.40% by the Company), pursuant to which the Company agreed to transfer all direct interests held by it in Grown Alchemist, representing approximately 35% of the equity interest, to the Target for consideration of EUR3,443,757 payable on or before 30 September 2024. Completion of that intragroup transfer took place on 28 March 2024 and, upon completion, the Target owned the entire equity interest in Grown Alchemist. As at the Latest Practicable Date, the consideration for the intragroup transfer remained outstanding in accordance with the terms of the share sale and purchase agreement.

On the same date, the Company entered into the GA Disposal Agreement with, among others, Lavender, pursuant to which the Company agreed to sell the Target Interests (being all the interests held by the Company in the Target) to Lavender for consideration of EUR5,528,881 payable on or before 30 September 2024. Completion of the transfer of the Target Interests to Lavender took place on 28 March 2024 and the Target (and Grown Alchemist) ceased to be consolidated into the Group thereafter. As at the Latest Practicable Date, the consideration for the sale of the Target Interests remained outstanding in accordance with the terms of the GA Disposal Agreement. Details

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regarding the GA Disposal Agreement and the GA Disposal were set out in the announcement of the Company dated 2 April 2024, and further details are provided in this circular.

In addition, as of 28 March 2024 (being the date of the GA Disposal Agreement), there was an outstanding amount due from the Target and its affiliates to the Group in the form of the Shareholder Loan in an aggregate amount of EUR19,380,171 (including accrued interest). Under the GA Disposal Agreement, Lavender agreed to, on or before 30 September 2024, either (i) procure the Target and its affiliates to repay the Shareholder Loan to the Group, or (ii) acquire the rights and receivables of the Group under the Shareholder Loan for aggregate consideration in an amount equal to the outstanding principal amount of and accrued interest under the Shareholder Loan.

Taking into account (a) the intragroup transfer by the Company of approximately 35% of the equity interest in Grown Alchemist to the Target in the amount of EUR3,443,757; (b) the transfer by the Company of approximately 53.40% of the equity interest in the Target to Lavender in the amount of EUR5,528,881; and (c) the repayment or assignment of the Shareholder Loan in the amount of EUR19,380,171, the amount payable to the Group on or before 30 September 2024 amounts to EUR28,352,809.

3. DETAILS OF GA DISPOSAL

On 28 March 2024 (after trading hours), the Company entered into the GA Disposal Agreement with (among others) Lavender pursuant to which the Company agreed to sell the Target Interests to Lavender. A summary of the principal terms and conditions of the GA Disposal Agreement with respect to the Company is set out below:

Subject matter:	The Target Interests of 1,602,000 Class A shares in the Target (being all of the interests held by the Company in the Target, representing approximately 53.40% and 82.62% of the equity and voting interest in the Target, respectively).
Consideration for the Target Interests:	EUR5,528,881 (being approximately EUR3.45 per share), payable in cash on or before 30 September 2024.
Basis of consideration:	The consideration for the Target Interests was determined after arm's length negotiations between the Company and Lavender. In negotiating the consideration, the Company had regard to the total historical acquisition cost of equity interests in the Target and Grown Alchemist by the Group via the series of arrangements outlined in paragraphs (i), (ii), and (iii) below, and additional factors outlined in paragraphs (iv), (v), (vi) and (vii) below:

LETTER FROM THE BOARD

- (i) the consideration of EUR5,032,820 paid by the Company to acquire an initial 1,477,200 class A shares (representing approximately 49.24% and 76.18% of the equity and voting interest, respectively) in the Target (which at that time held 65% of the equity interest and voting rights of Grown Alchemist) on 1 April 2022 (as set out in the Company's announcement dated 24 March 2022);
- (ii) the consideration of EUR10,061,000.00 paid by the Company to acquire the remaining 35% equity interest and voting rights of Grown Alchemist from non-connected persons of the Company on 11 May 2023, following which, the Company (through its control of the Target and direct control of the remaining 35% equity interest in Grown Alchemist) controlled Grown Alchemist;
- (iii) the consideration of EUR231,835 and EUR234,500 paid by the Company to acquire 62,400 and 62,400 class A shares (together representing approximately 4.16% and 6.44% of the equity and voting interest, respectively) in the Target (which at that time held 65% of the equity interest and voting rights of Grown Alchemist) on 31 May 2023 and 2 November 2023, respectively, following which, the Company's ownership of the Target increased from 49.24% and 76.18% of the equity and voting interest in the Target, respectively, to 53.40% and 82.62% of the equity and voting interest in the Target, respectively;
- (iv) the business operations of Grown Alchemist, including the historical financial performance of the business;
- (v) the reasons for and benefits of the GA Disposal (as set out in the section headed "Reasons for and benefits of the GA Disposal" below);

LETTER FROM THE BOARD

- (vi) a breakeven analysis of the business of Grown Alchemist, based on annualising the business and operating performance of Grown Alchemist since its commencement of operations, taking into account, among other factors, the net asset value and income generated in the two financial years ended 31 March 2023 (the financial figures for the year ended 31 March 2023 are as set out in the section headed “Information About the Parties-Target and Grown Alchemist” below), amounts invested and debt incurred by the Target and Grown Alchemist, depreciation of assets of Grown Alchemist (such as retail stores, infrastructure and IT), business development of Grown Alchemist to date, industry changes and key market saturation trends, inflation trends and consumer spending habits in applicable key developed geographies; and
- (vii) the acquisition and financial performance of a similar business (*This Works Products Limited*, a body/skin care brand with a similar strategic business plan to Grown Alchemist which also has yet to generate profit), and the enterprise value to revenue ratio thereof.

Closing:

Completion of the transfer of the Target Interests took place on 28 March 2024 and the Target (and Grown Alchemist) ceased to be consolidated into the Group thereafter. As at the Latest Practicable Date, the consideration for the GA Disposal remained outstanding in accordance with the terms of the GA Disposal Agreement.

Shareholder Loan:

Lavender agreed to, on or before 30 September 2024, either (i) procure the Target and its affiliates to repay the Shareholder Loan to the Group, or (ii) acquire the rights and receivables of the Group under the Shareholder Loan for aggregate consideration in an amount equal to the outstanding principal amount of and accrued interest under the Shareholder Loan, which amounted to EUR19,380,171 as at the date of the GA Announcement and as of the Latest Practicable Date.

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In connection with the GA Disposal, the other shareholders of the Target (besides the Company and Lavender), being Mr. Séan Harrington (an executive Director who indirectly, through his wholly-owned corporation, held approximately 20.85% and 4.90% equity and voting interest, respectively in the Target) and three other individuals who are independent third parties of the Company (who together held approximately 4.90% and 7.58% of the equity and voting interest, respectively, in the Target) also disposed of all of their respective interests in the Target to Lavender on 28 March 2024 at (with respect to Mr. Séan Harrington) approximately EUR3.40 per share, and (with respect to each of the three other individuals) approximately EUR3.40 per share (the “**Target Shareholders Disposal**”).

Upon completion of the GA Disposal and the Target Shareholders Disposal, and as at the Latest Practicable Date, Lavender held 100% of the equity and voting interest in the Target, which in turn held 100% of Grown Alchemist.

Upon completion of the GA Disposal, the Shareholders Agreement (together with the Call Option and the Put Option (each as defined and described in the Company’s announcement dated 24 March 2022)) was also terminated.

4. INFORMATION ABOUT THE PARTIES

Company and Group

The Company is a société anonyme incorporated in the Grand Duchy of Luxembourg, and is a non-wholly owned subsidiary of L’Occitane Groupe S.A..

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 1,300 owned stores, and is present in 90 countries. Through its key brands — L’OCCITANE en Provence, Melvita, Erborian, L’OCCITANE au Brésil, ELEMIS, Sol de Janeiro and Dr. Vranjes Firenze — the Group offers new and extraordinary beauty experiences, using high quality products that respect nature, the environment and the people who surround it.

Lavender

Lavender is a wholly-owned corporation of Mr. André Hoffmann, an executive Director. Accordingly, Lavender is a connected person of the Company at the issuer level. Before completion of the acquisition of the remaining interests in the Target, Lavender held approximately 20.85% and 4.90% of the equity and voting interest, respectively, in the Target. As at the Latest Practicable Date, Lavender held 100% of each of the equity interest and voting rights in the Target and thereby, indirectly, 100% of Grown Alchemist.

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Target and Grown Alchemist

The Target is an investment holding company that does not have any operations other than holding interests in Grown Alchemist. As at the Latest Practicable Date, the Target was wholly owned by Lavender.

Grown Alchemist is an Australian based skin-care brand that creates a range of skincare and beauty products and focuses on clean and scientifically innovative body care in the consumer skin-care space. As at the Latest Practicable Date, Grown Alchemist was wholly owned by the Target.

The unaudited financial information of Grown Alchemist on a consolidated basis for FY2023 and FY2024 (based on the unaudited management accounts of Grown Alchemist prepared under the same accounting principles and policies as adopted by the Company to prepare its annual consolidated financial statements) is as follows:

	FY2023	FY2024
	<i>EUR</i>	<i>EUR</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loss before income tax	4,344,000	6,631,000
Loss after income tax	4,344,000	6,631,000

The unaudited net assets of Grown Alchemist as at 31 March 2023 and 31 March 2024 were EUR4,052,000 and EUR(2,648,000), respectively.

The disclosure of the unaudited financial information of Grown Alchemist for FY2023 and FY2024 set out above (the “**GA Financial Information**”) constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by both the Company’s financial adviser and independent auditor in accordance with Rule 10.4 of the Takeovers Code. Please refer to Appendix V to this circular for the reports issued by the independent auditor of the Company and Somerley in respect of the GA Financial Information and the Expected Gain.

5. REASONS FOR AND BENEFITS OF THE GA DISPOSAL

Reasons for the Group

The Company initially acquired Grown Alchemist because it considered Grown Alchemist to be a potential strategic fit for the Group, envisioning the brand as complementing the Group’s other brands in beauty, skincare, and wellness. Since its initial acquisition in 2022 and considering changing global economic and market conditions and the material growth of other brands within its portfolio, the Company is in the process of adjusting its strategy. As part of this strategy adjustment, the Company believes that the GA Disposal would help the Company focus its resources and attention on its core brand L’OCCITANE en Provence, and accelerate the dynamic growth of its other brands, which would in turn help improve the Group’s overall financial performance.

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Additionally, in light of Grown Alchemist's recorded loss (before and after income tax) of EUR4,344,000 for FY2023, as well as the outstanding Shareholder Loan, the GA Disposal would result in: (a) the Group ceasing to consolidate Grown Alchemist in the Company's consolidated financial statements for FY2024 as from 28 March 2024, which reduced the Group's consolidated debt, and helped improve the Group's financial performance; (b) the Group being able to free up its resources (including financial, structure, management and employees) to focus on the Group's key brands as part of the Company's strategic refocus for future growth and better financial and operational performance; and (c) an improvement in the Company's leverage ratio, which in turn would enable the Company to reduce its financing costs for FY2025.

Furthermore, Lavender was the sole purchaser for the Target Interests identified by the Board at the relevant time. For the reasons set out above, the GA Disposal was considered to be in the best interest of the Company and the Shareholders as a whole.

Reasons for Lavender/Grown Alchemist

Lavender expressed a strong interest in taking over Grown Alchemist due to the future growth potential still inherent in a strong brand identity, award-winning and high performance products, sustainable and natural credentials. Lavender sees its acquisition of Grown Alchemist as an opportunity for the brand to gain more strategic flexibility and autonomy outside of a listed group. Operating as a private company with a distinctive investment strategy as well as an independent management team that would be fully dedicated to the growth ambitions of this brand, Grown Alchemist will enjoy more business flexibility pursuing custom activation strategies, particularly with regards to its unique partnerships with lifestyle and music brands.

6. NET PROCEEDS

The Company currently expects to record a gain on the GA Disposal of approximately EUR10.5 million for FY2024 (the "**Expected Gain**"), which results from the accounting effect over the sales price for the 35% equity interest in Grown Alchemist and 53.4% equity interest in the Target of approximately EUR9.0 million, less (i) the net assets of Grown Alchemist of approximately EUR(2.6) million as at 31 March 2024, less (ii) the currency translation differences of approximately EUR0.1 million, plus (iii) the non-controlling interests of EUR(2.1) million, plus (iv) the net amount of the reversal of consolidation entries of approximately EUR1.1 million.

The disclosure of the Expected Gain constitutes a profit forecast under Rule 10 of the Takeovers Code and is required to be reported on by both the Company's financial adviser and independent auditor in accordance with Rule 10.4 of the Takeovers Code. Please refer to Appendix V to this circular for the letters issued by the independent auditor of the Company and Somerley in respect of the Expected Gain and the GA Financial Information.

LETTER FROM THE BOARD

7. CONFIRMATION FROM DIRECTORS

Given the reasons and benefits of the GA Disposal, the Directors (including members of the Independent Board Committee, whose views have been set out in this circular after considering the advice of the Independent Financial Adviser, but excluding Mr. Reinold Geiger, Mr. André Hoffmann, Mr. Karl Guénard and Mr. Séan Harrington), being Mr. Laurent Marteau, Mrs. Christèle Hiss Holliger, Mr. Charles Mark Broadley, Ms. Betty Liu and Mr. Jackson Chik Sum Ng, have confirmed that the terms of the GA Disposal Agreement and the GA Disposal are fair and reasonable, on normal commercial terms (or better for the Company) and in the ordinary and usual course of business and in the best interest of the Company and the Shareholders as a whole.

The following Directors abstained from participating in and giving a view on the GA Disposal Agreement and the GA Disposal as a special deal by reason of having the following interests in the GA Disposal and/or the Offers: (i) Mr. André Hoffmann, being an executive Director, controls Lavender (the purchaser under the GA Disposal Agreement); (ii) Mr. Reinold Geiger, Mr. André Hoffmann and Mr. Karl Guénard, being executive Directors, are also directors of Offeror; and (iii) Mr. Séan Harrington, being an executive Director, indirectly (through his wholly-owned corporation) held, and on 28 March 2024 transferred to Lavender, 20.85% and 4.90% of equity and voting interest in the Target.

The views of and recommendation from the Independent Board Committee in respect of the GA Disposal are further set out in Appendix II to this circular headed “Letter from Independent Board Committee”.

8. IMPLICATIONS UNDER THE LISTING RULES AND TAKEOVERS CODE

Lavender is an associate of Mr. André Hoffmann, an executive Director, and accordingly, the GA Disposal constitutes a connected transaction of the Company. As the highest of the applicable percentage ratios, calculated in accordance with Rule 14.07 of the Listing Rules, is between 0.1% and 5%, the GA Disposal is subject to reporting and announcement requirements, but is exempt from circular (including independent financial advice) and shareholders’ approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Notwithstanding the position under the Listing Rules set out above, the GA Disposal is considered a “special deal” under Rule 25 of the Takeovers Code as it constitutes a disposal of the Group’s assets to a Shareholder (being Lavender) when the Offers were reasonably in contemplation. Accordingly, the Offers are conditional upon, among others, obtaining consent from the Executive in respect of the GA Disposal, which, in turn, would be conditional upon: (i) the Independent Financial Adviser giving a public opinion that the terms of the GA Disposal are fair and reasonable; and (ii) Disinterested Shareholders approving, by ordinary resolution, the GA Disposal at the EGM. Application for consent in respect of the GA Disposal has been submitted to the Executive.

The opinion of the Independent Financial Adviser in respect of the GA Disposal is set out in Appendix III to this circular headed “Letter from Independent Financial Adviser”.

LETTER FROM THE BOARD

9. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee has been established to, among other matters, advise the Disinterested Shareholders as to whether the GA Disposal is fair and reasonable and as to voting. In accordance with Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises independent non-executive Directors who have no direct or indirect interest in the Offers and the GA Disposal, being Mrs. Christèle Hiss Holliger and Ms. Betty Liu. (i) Mr. Thomas Levilion (non-executive Director) was a former executive Director; (ii) Mr. Jackson Chik Sum Ng (independent non-executive Director) holds 30,000 Shares and 400 free shares of Offeror (vesting on 1 July 2024); and (iii) Mr. Charles Mark Broadley (independent non-executive Director) holds 400 free shares of Offeror (vesting on 1 July 2024), and as such, they are not members of the Independent Board Committee.

In accordance with Rule 2.1 of the Takeovers Code, Somerley Capital Limited has been appointed by the Company as the Independent Financial Adviser (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with, among other matters, the GA Disposal and voting thereon.

10. EGM

A notice of the EGM to be held at 27th Floor, Jardine House, One Connaught Place, Hong Kong on Friday, 21 June 2024 at 4:00 p.m. (Hong Kong Time) is set out in this circular.

As at the Latest Practicable Date, Offeror, Mr. Reinold Geiger, Mr. Karl Guénard, Mr. André Hoffmann, in aggregate, controlled, directly or indirectly (through their respective associates), approximately 72.63% of the total issued and outstanding Shares. Each of the Offeror and its concert parties, Mr. Reinold Geiger, Mr. Karl Guénard, André Hoffmann and their respective associates who are interested in the GA Disposal and persons who are involved in or interested in the GA Disposal shall abstain from voting on the resolutions to approve the GA Disposal at the EGM. Based on the information, belief and knowledge of the Company, no other Shareholder is involved in or interested in the GA Disposal and is required to abstain from voting on the relevant resolutions in respect of the GA Disposal at the EGM.

A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (group.loccitane.com).

Whether or not you are able to attend the meeting in Hong Kong, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e., before 4:00 p.m. (Hong Kong Time) on Wednesday, 19 June 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person in Hong Kong at the EGM or any adjournment thereof if they so wish in which case any proxy provided in advance shall be deemed to be withdrawn.

LETTER FROM THE BOARD

The record date for determining the entitlement of Shareholders to attend and vote at the EGM will be Monday, 17 June 2024. All transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 17 June 2024.

11. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee and the letter from the Independent Financial Adviser, each of which is set out in the appendices to this circular. Your attention is also drawn to the additional information set out in the appendices to this circular.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Yours faithfully,
For and on behalf of the Board
L'Occitane International S.A.
Mr. Laurent Marteau
Director and Chief Executive Officer

In this circular (including appendices), the following expressions have the meanings set out below unless the context requires otherwise:

“AH Offeror Holders”	Mr. André Hoffmann and Lavender
“Blackstone Entities”	Blackstone Rio Holdings (CYM) L.P. and the various participating funds ultimately controlled by Blackstone Inc. and managed by Blackstone Inc. and its affiliates
“Board”	the board of Directors
“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 of Hong Kong Limited (stock code: 00973)
“Directors”	directors of the Company (each a Director)
“Disinterested Shareholders”	Shareholders other than Offeror Concert Group and persons who are involved in or interested in the GA Disposal
“EGM”	the extraordinary general meeting of the Company to be held at 27th Floor, Jardine House, One Connaught Place, Hong Kong on Friday, 21 June 2024 at 4:00 p.m. (Hong Kong Time), as further set out in the “Notice of EGM” in this circular
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong from time to time or any delegate of such Executive Director
“Free Share Plan”	the free share plan of the Company, being the Free Share Plan 2021
“FY”	financial year ended 31 March
“GA Announcement”	the announcement issued by the Company on 2 April 2024 in respect of the GA Disposal
“GA Disposal”	the disposal of the Target Interests by the Company
“GA Disposal Agreement”	the agreement governing the GA Disposal, as further described in the GA Announcement and this circular
“Group”	the Company and its subsidiaries
“Grown Alchemist”	Group Fourteen Holdings Pty. Ltd., a company incorporated in Australia with limited liability, and its subsidiaries

“Holdco”	Schuss S.à.r.l., a company incorporated in Luxembourg as a limited liability company, which is wholly-owned by Topco and in turn ultimately controlled by Mr. Reinold Geiger, who is the chairman of the Board and an executive Director; as well as a director and chairman of the board of directors of Offeror
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar of the Company
“Independent Board Committee”	the independent board committee of the Company formed in accordance with the Takeovers Code for the purpose of advising and giving a recommendation to Disinterested Shareholders in respect of, among other matters, the GA Disposal (and voting thereon)
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed for the purpose of advising the Independent Board Committee in respect of, among other matters, the GA Disposal (and voting thereon)
“J.P. Morgan”	J.P. Morgan Securities (Asia Pacific) Limited, a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO, as the exclusive financial adviser to Offeror in respect of the Offers
“Latest Practicable Date”	4 June 2024
“Lavender”	Lavender Investments Limited, which is wholly-owned by Mr. André Hoffmann, who is an executive Director and a director of Offeror
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offeror”	L’Occitane Groupe S.A., a company incorporated in Luxembourg with limited liability and the controlling Shareholder

“Offers”	(a) the voluntary conditional cash offer by J.P. Morgan on behalf of Offeror to acquire all of the issued and outstanding Shares (other than those already held by Offeror); (b) the voluntary conditional cash offer by J.P. Morgan on behalf of Offeror to cancel all share options which had vested on or before the date of the Offers Announcement; and (c) the liquidity arrangement offered by Offeror to each holder of share options or free share units which had not vested on or before the date of the Offers Announcement, details of which are set out in the Offers Announcement
“Offers Announcement”	the announcement jointly issued by the Company and Offeror on 29 April 2024 in relation to the Offers
“Offeror Concert Group”	Offeror and parties acting in concert with Offeror, including J.P. Morgan, Blackstone Entities, and Goldman Sachs International (except members of the J.P. Morgan group and Goldman Sachs group, which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code), Offeror Group, and persons who are presumed to be acting in concert with Offeror and to the extent that such presumption has not been rebutted
“Offeror Group”	Offeror, RG Offeror Holders, AH Offeror Holders, Holdco and Topco
“RG Offeror Holders”	Mr. Reinold Geiger, Société d’Investissements CIME S.A., Cime S.C.A. and Cime Management S.à.r.l.
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share”	an ordinary share in the issued share capital of the Company (unless specified otherwise, all references to “ total issued share capital ” of the Company shall be inclusive of treasury shares of the Company; (ii) “ total issued and outstanding shares ” of the Company shall be exclusive of treasury shares of the Company)
“Shareholder”	a holder of Shares

“Shareholder Loan”	financing loans previously granted by the Group to the Target and its affiliates in an aggregate amount of EUR19,380,171 (including the principal amount and accrued interest as of the GA Announcement and the Latest Practicable Date)
“Share Option Plans”	the share option plans of the Company, being the Share Option Plan 2013, Share Option Plan 2016 and Share Option Plan 2020, collectively, and each a “Share Option Plan”
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers as in force and as amended from time to time
“Target”	14 Groupe S.A., a company incorporated in Luxembourg with limited liability
“Target Interests”	all of the interests held by the Company in the Target (and thereby indirectly in Grown Alchemist), which, immediately before completion of the GA Disposal, comprised 1,602,000 class A shares (representing approximately 53.40% and 82.62% of the equity and voting interest, respectively) in the Target (which, in turn, held 100% of Grown Alchemist)
“Topco”	Nolde S.à.r.l., a company incorporated in Luxembourg as a limited liability company, which is ultimately controlled by Mr. Reinold Geiger, who is the chairman of the Board and an executive Director; as well as a director and chairman of the board of directors of Offeror. Mr. André Hoffmann, who is an executive Director and a director of Offeror, is also a substantial shareholder of Topco

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)

5 June 2024

To Disinterested Shareholders

Dear Sirs/Mesdames,

**CONNECTED TRANSACTION AND SPECIAL DEAL IN RESPECT OF
DISPOSAL OF GROWN ALCHEMIST**

We, being members of the Independent Board Committee, refer to the circular of the Company dated 5 June 2024 (the “**Circular**”) of which this letter forms part. Unless the context otherwise indicates, terms defined in the Circular shall have the same meanings when used herein.

We, Mrs. Christèle Hiss Holliger and Ms. Betty Liu, have been appointed as the Independent Board Committee to advise the Disinterested Shareholders in respect of, among other things, the GA Disposal Agreement and the transactions contemplated thereunder. Somerley has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee in this regard.

We also wish to draw your attention to the contents of: (a) the letter from the Board set out in the section headed “Letter from the Board” in the Circular; and (b) the letter from Somerley set out in the section headed “Letter from Independent Financial Adviser” in Appendix III to the Circular containing advice from Somerley in respect of the GA Disposal.

RECOMMENDATION

Having considered the terms and conditions of the transactions contemplated in the GA Disposal Agreement, and taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with the views of the Independent Financial Adviser and are of the opinion that the terms of the GA Disposal and the GA Disposal Agreement are fair and reasonable, as far as the Company and the Disinterested Shareholders are concerned.

Accordingly, we recommend the Disinterested Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the GA Disposal.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mrs. Christèle Hiss Holliger

Ms. Betty Liu

Independent Non-executive Directors

Set out below is the full text of the letter of advice from Somerley, the Independent Financial Adviser to the Independent Board Committee in respect of (among other matters) the GA Disposal, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

5 June 2024

To: The Independent Board Committee

Dear Members,

CONNECTED TRANSACTION AND SPECIAL DEAL IN RESPECT OF DISPOSAL OF GROWN ALCHEMIST

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in relation to the GA Disposal, details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 5 June 2024 (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 28 March 2024, the Company entered into (i) a share sale and purchase agreement with the Target, pursuant to which the Company agreed to transfer 35% equity interest (representing all direct interests held by it) in Grown Alchemist (the “**Intragroup Transfer**”) to the Target; and (ii) the GA Disposal Agreement with Lavender, a corporation wholly-owned by Mr. André Hoffmann, an executive Director and Shareholder of the Company, pursuant to which the Company agreed to dispose of its 53.40% equity interest and 82.62% voting interest in the Target to Lavender (the “**GA Disposal**”). Further details of the GA Disposal are set out in the letter from the Board in the Circular.

Lavender is an associate of Mr. André Hoffmann, an executive Director, and accordingly, the GA Disposal constitutes a connected transaction of the Company. The highest of the applicable size test ratios (calculated in accordance with Rule 14.07 of the Listing Rules) is between 0.1% and 5%, and accordingly, the GA Disposal constitutes a connected, but not a discloseable, transaction under the Listing Rules. Under the Listing Rules, the GA Disposal is subject to announcement (which was made on 2 April 2024), but is exempt from circular (including independent financial advice) and shareholder approval requirements. However, the GA Disposal is considered a “special deal” under Rule 25 of the Takeovers Code as it constitutes a disposal of the Group’s assets to a Shareholder (being Lavender) when the Offers were reasonably in contemplation. As such, completion of the GA Disposal is subject to consent from the Executive. Accordingly, application for consent in respect of the GA Disposal

has been submitted to the Executive, which is normally conditional upon: (i) the Independent Financial Adviser giving a public opinion that the terms of the GA Disposal are fair and reasonable; and (ii) Disinterested Shareholders approving, by ordinary resolution, the GA Disposal at the EGM of the Company.

Should any of the above conditions to obtaining the Executive's consent in respect of the GA Disposal not be fulfilled, Condition (f) to the Share Offer as set out in the Offers Announcement may be waived by the Offeror, following which the GA Disposal will be terminated.

INDEPENDENT BOARD COMMITTEE

The GA Disposal was previously approved by the Board but, in the context of the Offers, should also be considered by an independent board committee as a special deal under the Takeovers Code.

In the case of a special deal, executive directors are not normally considered eligible to serve on the independent board committee. In this case, certain non-executive Directors are also considered ineligible, as follows:

- (i) Mr. Thomas Levilion (non-executive Director) was a former executive Director;
- (ii) Mr. Jackson Chik Sum Ng (independent non-executive Director) holds 30,000 Shares and 400 free shares of Offeror (vesting on 1 July 2024); and
- (iii) Mr. Charles Mark Broadley (independent non-executive Director) holds 400 free shares of Offeror (vesting on 1 July 2024).

Accordingly, the Independent Board Committee, comprising independent non-executive Directors, Mrs. Christèle Hiss Holliger and Ms. Betty Liu, who have no direct or indirect interest in the Offers and the GA Disposal as at the Latest Practicable Date, has been established for the purpose of making a recommendation to the Disinterested Shareholders as to whether the terms of the GA Disposal are fair and reasonable and as to voting at the EGM.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in relation to the GA Disposal. Our appointment has been approved by the Independent Board Committee.

BASIS OF OUR ADVICE

We are not connected with the Company, Offeror, Lavender, Mr. André Hoffmann or any of their respective close associates, associates or core connected persons (as defined in the Listing Rules) or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered suitable to give independent advice on the GA Disposal. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Offeror, Lavender, Mr. André Hoffmann or any of their respective close associates, associates or core

connected persons or any party acting, or presumed to be acting, in concert with any of them. In addition, save for the current engagement, no other services were provided by Somerley to the Company during the past two years.

In formulating our opinion and recommendation, we have reviewed, amongst others, the Offers Announcement, the Company's press announcements of the acquisition of Grown Alchemist and of the GA Disposal, the information presented to the Board when it considered the GA Disposal and the minutes of that Board meeting, the GA Disposal Agreement, the annual report of the Company for the year ended 31 March 2023 (the "**FY2023 Annual Report**") and the interim report of the Company for the six months ended 30 September 2023 (the "**FY2024 Interim Report**"), certain financial information of Grown Alchemist and the information contained in the Circular. We have also discussed with and reviewed the information provided by the management of the Group (the "**Management**") regarding the business and outlook of the Group.

We have relied on the information and facts supplied, and the opinions expressed, by the Directors and the Management, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the date of this letter and to remain so up to the date of the EGM. The Independent Board Committee and the Disinterested Shareholders will be informed as soon as possible if we become aware of any material change to such information or if there is any change to our opinion thereon up to the date of the EGM. We have sought and received confirmation from the Directors and the Management that no material facts have been omitted from the information supplied and the opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have considered the following principal factors and reasons:

1. Background of the Group

The Group is an international group which manufactures and retails beauty and well-being products 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 1,300 owned stores, and is present in 90 countries. Through its brands — L'OCCITANE en Provence, Melvita, Erborian, L'OCCITANE au Brésil, LimeLife by Alcone, ELEMIS, Sol de Janeiro, and Dr. Vranjes Firenze — the Group offers beauty experiences using high quality products that respect nature, the environment and the people who surround it. In FY2023, 67% of net sales have been made under the L'OCCITANE en Provence brand.

The Group's net sales recorded a 19.8% increase to €2.1 billion for the year ended 31 March 2023 ("FY2023") as compared to the same period in 2022. This was mainly due to strong positive growth of the Group's newer brands, ELEMIS and Sol de Janeiro, and the improvement in the core L'OCCITANE en Provence brand in the 4th quarter of FY2023 benefiting from the dynamic travel retail channel and the early positive signs in China after the lifting of COVID-19 restrictions. The Group's net sales for the six months ended 30 September 2023 ("1HFY2024") were €1.1 billion, representing a year-on-year increase of 19.0% as compared to the same period in 2022, mainly driven by the stellar performance of Sol de Janeiro and the steady growth of L'OCCITANE en Provence with the recovering trend in China.

The Group's gross profit margin dropped from 80.5% in FY2023 to 78.3% in 1HFY2024. The decrease in profit margins was mainly due to the brand mix resulting in particular from the inclusion of Sol de Janeiro brand which has a higher wholesale mix, the increase in production costs, unfavourable channel mix and the increase in obsolescence costs.

Due to the decrease in the Group's operating profit as discussed above and the increase in finance cost mainly resulting from (i) the change in the fair value of the receivable from the sale of its Russian subsidiary; and (ii) high interest rate environment, the Group's profit attributable to the Shareholders dropped by 52.4% to €115.1 million for FY2023 and 45.0% to €34.0 million for 1HFY2024.

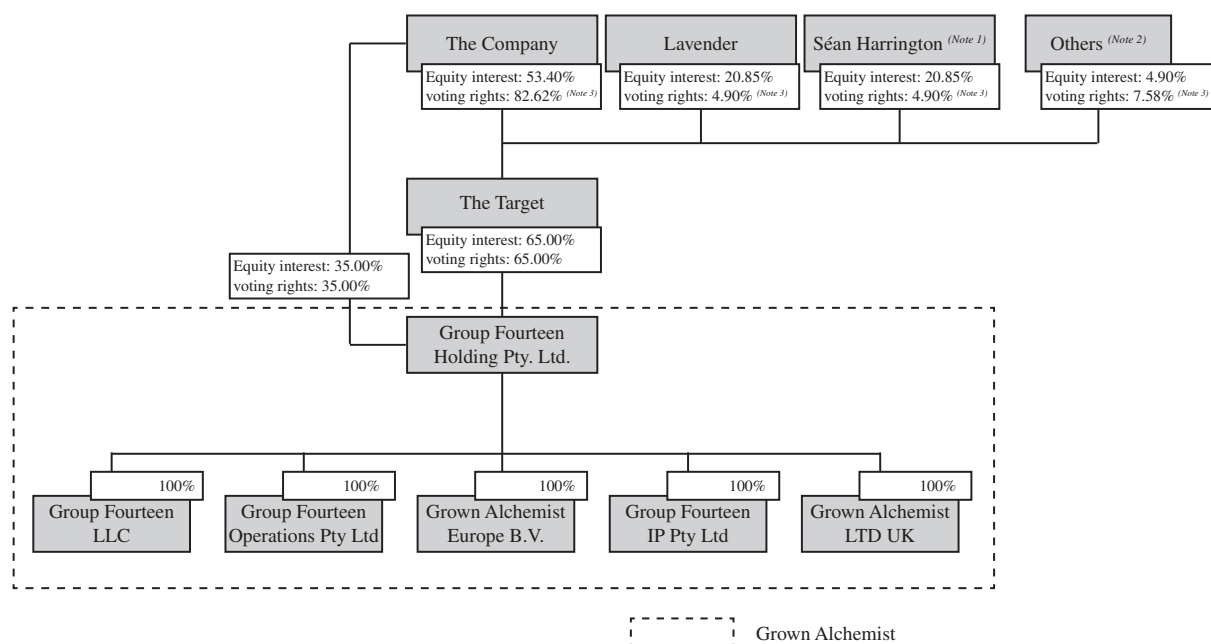
2. Business and financial information of Grown Alchemist

(a) Business of Grown Alchemist and background of acquisition of Grown Alchemist

Grown Alchemist is an Australian-based skincare brand that creates a range of skincare and beauty products based on clean and scientifically innovative formulas. The Management took the view that Grown Alchemist was a successful premium beauty brand with various distribution channels whose philosophy and brand reputation were potentially in line with that of the Group and its brands. The Group invested in Grown Alchemist in stages on and after April 2022, details of which are set out in section 3(b) below. Set out in the chart below is the corporate structure of

APPENDIX III LETTER FROM INDEPENDENT FINANCIAL ADVISER

Grown Alchemist after completion of the Group’s acquisitions but prior to the Intragroup Transfer (as defined in section 3(a) below) and the GA Disposal:



	Effective equity interest in Grown Alchemist	Effective voting interest in Grown Alchemist
The Company	69.71%	88.70%
Lavender	13.55%	3.19%
Séan Harrington <i>(Note 1)</i>	13.55%	3.19%
Others	3.19%	4.92%
Total <i>(Note 4)</i>	<u>100.00%</u>	<u>100.00%</u>

Notes:

- (1) Séan Harrington is an executive Director of the Company but is not a shareholder of the Company.
- (2) “Others” refer to three other individual independent third parties who are not shareholders of the Company.
- (3) The Target has in issue 1,939,000 Class A shares (which carry voting interest) and 1,061,000 Class B shares (which carry no voting interest).
- (4) The GA Disposal Amount Receivable (as defined in section 3(a) below) is based on the Group’s effective equity interest of 69.71% in Grown Alchemist.

Prior to completion of the Intragroup Transfer and the GA Disposal, through its 53.4% equity interest (representing 82.62% voting interest) in the Target and its direct 35.00% equity interest (representing 35.00% voting interest) in Group Fourteen Holdings Pty. Ltd., the Group effectively held a 69.71% equity interest (representing 88.70% voting interest) in Grown Alchemist. Given the Target is an investment holding company that does not have any operations other than holding interests in Grown Alchemist, the GA Disposal Amount Receivable has been compared to the disposal of the Group’s effective equity interest of 69.71% in Grown Alchemist. Through its 20.85% equity interest (representing 4.90% voting interest) in the Target, Lavender effectively held a 13.55% equity interest (representing 3.19% voting interest) in Grown Alchemist.

(b) Financial information of Grown Alchemist

(i) Financial performance

The following table sets out the summarised unaudited consolidated income statements of Grown Alchemist for FY2023 and the year ended 31 March 2024 (“**FY2024**”) as extracted from the unaudited management accounts of Grown Alchemist provided by the Management.

€('000)	FY2024 (Unaudited)	FY2023 (Unaudited)
Net sales	20,653	15,038
Gross profit	9,555	8,678
<i>% of net sales</i>	<i>46.3%</i>	<i>57.7%</i>
(Net loss)	(6,631)	(4,344)

a. Net sales

Grown Alchemist recorded net sales of €15.0 million and €20.7 million for FY2023 and FY2024, representing a year-on-year increase of 37.3% in FY2024. As advised by the Management, the increase for FY2024 was due to continued growth in sales from the North American market and the brand’s launch in the China market through a partnership with Sephora (a beauty retailer) since 2023.

b. Gross profit and net loss

Grown Alchemist’s gross profit slightly increased from €8.7 million for FY2023 to €9.6 million for FY2024. Such increase was mainly due to the increase in net sales, which was partially offset by the product impairment loss of €2.1 million. The gross profit margin dropped by 11.4 points from 57.7% in FY2023 to 46.3% in FY2024.

Grown Alchemist has been loss-making from FY2023 to FY2024. Due to high distribution and marketing expenses which, in aggregate, were higher than the gross profit for each of FY2023–FY2024, Grown Alchemist’s net losses were €4.3 million and €6.6 million for FY2023 and FY2024, respectively. The expanded net losses in FY2023–FY2024 were mainly due to the fact that distribution and marketing expenses outgrew the gross profit.

(ii) Financial position

The following table sets out the summarised consolidated financial position of Grown Alchemist as at 31 March 2023 and 2024 as extracted from the unaudited management accounts of Grown Alchemist provided by the Management.

€('000)	As at 31 March	
	2024 (Unaudited)	2023 (Unaudited)
Total assets	23,780	16,845
Total liabilities	26,428	12,793
Equity	(2,648)	4,052

As at 31 March 2023 and 2024, Grown Alchemist’s total assets were €16.8 million and €23.8 million, representing an increase of 41.2%. The increase as at 31 March 2024 was primarily due to (i) the increase in inventories from €6.7 million as at 31 March 2023 to €11.2 million as at 31 March 2024 as a result of an increase in production of products; and (ii) the increase in trade receivables following the increase in sales in FY2024.

The total liabilities of Grown Alchemist increased from €12.8 million as at 31 March 2023 to €26.4 million as at 31 March 2024. The continued increase in total liabilities was largely attributable to the increase in short-term borrowings, in effect to fund operating losses.

Grown Alchemist suffered a net liability position as at 31 March 2024 of €2.6 million, a deterioration from the positive net assets as at 31 March 2023 of €4.1 million. The liability position as at 31 March 2024 was principally due to continued and widening net losses incurred during FY2024.

(c) Prospects for Grown Alchemist’s business

Grown Alchemist is an Australian-based skincare brand which provides a diverse range of skincare products.

According to “The State of Fashion — Beauty” jointly published by The Business of Fashion (a world recognised media company with a focus on the global fashion and beauty industry) and McKinsey & Company (an international management consulting firm) in May 2023 (the “**Beauty Report**”), the Australasian beauty industry, mainly comprised of Australia and New Zealand, recorded retail sales of US\$7 billion in 2022 and is estimated to reach US\$9 billion in 2027, representing a compound annual growth rate (“**CAGR**”) of 6%. Such estimated growth is slightly lower than that of Asia Pacific (excluding China) of 7% and China of 8% but equal to that of the United States for the same period. In addition, according to the Beauty Report, the retail sales in Australasia’s skincare market are expected to increase at a CAGR of 6% for 2022–2027, which is also slightly lower than the estimated growth rates of retail sales in both Asia Pacific (excluding China) and China of 7% but at the same pace as the United States’ skincare market.

Grown Alchemist has been able to exceed the growth momentum in the major skincare markets where it operates as discussed in section 2(b) above. However, it has been loss-making over the last two years mainly due to high distribution costs and marketing expenses, which exceeded its gross profits. Grown Alchemist’s gross profit margins during the period under review (46.3%–57.7% in FY2023–FY2024) were well below that of the Group’s (78.3%–80.5% in FY2023–1HFY2024) whereas distribution and marketing expenses were proportionately higher. As a result, a loss-making position existed over the last two years. The GA Disposal represents an opportunity for the Group to exit and streamline its operations, so as to enhance the operational efficiency of the assets of the Group.

3. The GA Disposal

(a) Key terms of the Intragroup Transfer (as defined below) and the GA Disposal

On 28 March 2024, the Company entered into a share sale and purchase agreement with the Target (which, at that time, was a subsidiary of the Company, held as to approximately 53.40% by the Company), pursuant to which the Company agreed to transfer 35% direct equity interest held by the Company in Grown Alchemist to the Target (the “**Intragroup Transfer**”). The key terms of the Intragroup Transfer are as follows:

Date	:	28 March 2024
Parties	:	(i) The Company (ii) The Target
Subject matter	:	35% direct interest held by the Company in Grown Alchemist
Consideration	:	€3,443,757, payable in cash on or before 30 September 2024
Completion	:	28 March 2024

APPENDIX III	LETTER FROM INDEPENDENT FINANCIAL ADVISER
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On 28 March 2024 (after trading hours), the Company entered into the GA Disposal Agreement with (among others) Lavender, a wholly-owned controlled corporation of Mr. André Hoffmann, pursuant to which the Company agreed to sell the Target Interest (being all the interests held by the Company in the Target) to Lavender for €5,528,881. The key terms and conditions of the GA Disposal Agreement are summarised as follows:

Date	:	28 March 2024
Parties	:	(i) The Company (ii) Lavender
Subject matter	:	The Target Interest of 1,602,000 Class A shares in the Target (being all of the interests held by the Company in the Target, representing approximately 53.40% and 82.62% of the equity and voting interest in the Target, respectively)
Consideration	:	€5,528,881 (being approximately €3.45 per share), payable in cash on or before 30 September 2024
Shareholder Loan	:	Lavender agreed to, on or before 30 September 2024, either (i) procure the Target and its affiliates to repay the Shareholder Loan to the Group, or (ii) acquire the rights and receivables of the Group under the Shareholder Loan for an aggregate consideration in an amount equal to the outstanding principal amount of and accrued interest under the Shareholder Loan, which amounted to €19,380,171.00 as at the date of the GA Announcement and as of the Latest Practicable Date
Completion	:	28 March 2024

Taking into account (a) the Intragroup Transfer by the Company of 35% of the equity interest in Grown Alchemist to the Target in the amount of €3,443,757; (b) the transfer by the Company of approximately 53.40% equity interest in the Target to Lavender in the amount of €5,528,881; and (c) the repayment or assignment of the Shareholder Loan in the amount of €19,380,171, the amount payable to the Group on or before 30 September 2024 amounts to EUR28,352,809 (the “**GA Disposal Amount Receivable**”).

Further details of the transaction background and the terms of the GA Disposal are contained in the letter from the Board in the Circular.

(b) Assessment of the consideration

Given (i) the agreements concerning the Intragroup Transfer and the GA Disposal were signed and completed on the same day; and (ii) the Company and its shareholders would concern the amounts that the Group could receive after disposal of Grown Alchemist and the Target, we are of the view that it is clear and logical to consider the GA Disposal Amount Receivable for the Group to retrieve its investments back after having held Grown Alchemist for some years rather than justifying respective consideration under the Intragroup Transfer and the GA Disposal.

i. Compared with considerations payable by Lavender to shareholders of the Target (other than the Company)

Alongside the GA Disposal, the other shareholders of the Target (other than the Company and Lavender), being (i) Mr. Séan Harrington (an executive Director who indirectly, through his wholly-owned corporation, held approximately 20.85% and 4.90% equity and voting interest, respectively in the Target) and (ii) three other individuals who are independent third parties (who together held approximately 4.90% and 7.58% of the equity and voting interest, respectively, in the Target) also disposed of all of their respective interests in the Target to Lavender on 28 March 2024 at approximately €3.40 per share (the “**Target Shareholders Disposal**”). Upon completion of the GA Disposal and the Target Shareholders Disposal, and as at the Latest Practicable Date, Lavender held 100% of the equity and voting interest in the Target, which in turn held 100% interest of Grown Alchemist.

Given Class A and Class B shares of the Target carry the same par value and economic rights (including distribution of profits and liquidation rights), it is reasonable to compare consideration per share under GA Disposal with those under Target Shareholders Disposal, irrespective whether they are Class A or Class B shares. The consideration per share payable by Lavender to the Group is slightly higher than those payable to other four shareholders of the Target.

ii. Compared with the Group's historical acquisition costs in Grown Alchemist

According to the Company's announcement dated 2 April 2024, the basis of consideration of the GA Disposal includes, among other things, (i) the historical acquisition cost; and (ii) the business operations of Grown Alchemist. Grown Alchemist has become a member of the Group through a series of acquisitions, which can be summarised as follows:

Table 1: The Group's acquisition costs in Grown Alchemist

Date of acquisition	Details of the acquisitions	Consideration (€)
1 April 2022	Acquisition of 1,477,200 Class A shares (representing 49.24% equity interest and 76.18% voting interest) in the Target	5,032,820.4
11 May 2023	Acquisition of 35% equity interest in Grown Alchemist	10,061,000.0
31 May 2023	Acquisition of 62,400 Class A shares (representing 2.08% equity interest and 3.22% voting interest) in the Target	231,835.0
2 November 2023	Acquisition of 62,400 Class A shares (representing 2.08% equity interest and 3.22% voting interest) in the Target	234,500.0
	Total acquisition cost of equity interests ⁽¹⁾	15,560,155.4

Set out below is a reconciliation of the book value of Grown Alchemist and the GA Disposal Amount Receivable:

Table 2: Reconciliation of the book value of Grown Alchemist in the Group's accounts

	(€)
The book value of Grown Alchemist in the Group's account ⁽¹⁾	15,590,138
The Group's share of accumulated loss of Grown Alchemist since 2022	<u>(6,617,500)</u>
Sub-total ⁽²⁾	8,972,638
Amount due to the Group from Grown Alchemist as at 28 March 2024	<u>19,380,171</u>
GA Disposal Amount Receivable	<u><u>28,352,809</u></u>

Notes:

- (1) We have discussed with the Management the difference of approximately €30,000 between the total acquisition costs of equity interests of €15,560,155.4 and the book value of Grown Alchemist immediately after the acquisitions of €15,590,138.0. We are advised that it is due to foreign exchange differences in the books of the Group arising from some acquisitions settled in US\$ or AU\$.
- (2) Such amount is equivalent to the sum of the consideration under the Intragroup Transfer (being €3,443,757) and the consideration for the Target Interest (being €5,528,881) under the GA Disposal.

The GA Disposal Amount Receivable is equivalent to the sum of (i) the total acquisition costs of the Group in the Target and Grown Alchemist (after having adjusted for foreign exchange differences) of €15,590,138 **less** the Group's share of losses of Grown Alchemist since April 2022 of €6,617,500, amounting to €8,972,638 ("**Equity Consideration**"); **plus** (ii) the amount due to the Group from Grown Alchemist amounting to €19,380,171 as at the date of the GA Announcement. This is the main factor we have taken into account in assessing the fairness and reasonableness of the GA Disposal Amount Receivable.

4. Comparable transactions

As set out in the section 2, Grown Alchemist is an Australian-based skincare brand that creates a range of skincare and beauty products based on clean and scientifically innovative formulas. As a cross-check to the Equity Consideration, we have considered the comparable transaction considered by the Board as disclosed in the GA Announcement and a comparable transaction identified by us. Given that Grown Alchemist is loss-making and in net liability position as at 31 March 2024, we performed our analysis based on the price-to-sales ratio (“**PSR**”) which is commonly adopted in performing similar analysis on pre-profit companies and calculated based on equity consideration divided by the target’s sales.

(i) This Works Products Limited (“This Works”)

As disclosed in the GA Announcement, the consideration of the GA Disposal factored in the acquisition and financial performance of a similar business, This Works, which is a pre-profit body/skincare brand based in the United Kingdom with a similar strategic business plan to Grown Alchemist.

We have reviewed the latest filing of This Works and noted that (i) in December 2023, a United Kingdom-based investment firm acquired This Works valued at up to GBP9.3 million; and (ii) it recorded a turnover of GBP15.6 million and a pre-tax loss of GBP3.7 million for the year ended 31 March 2023. On this basis, the PSR of This Works is 0.60 times.

(ii) Beauty Apothecary Australia Pty Ltd (“Edible Beauty”)

To extend this analysis, we have further researched comparable transactions with disclosed terms since the beginning of 2021 involving the sale and purchase of the controlling stake in private firms which were loss-making and engaged in (a) cosmetics, beauty supplies, and perfume stores or (b) skincare, fragrance, make-up and toiletries industry in Australia, as extracted from the website of Mergermarket (a M&A market intelligence service provider).

We have only been able to identify one comparable transaction, which is exhaustive based on the above selection criteria from Mergermarket. In August 2022, Live Verdure Ltd (stock code: LV1.ASX), an Australian-based manufacturer of hemp food and nutraceutical products, announced the acquisition of 100% equity interest in Edible Beauty, a supplier of beauty products. The PSR of Edible Beauty is 0.70 times (calculated based on 100% equity value of the Edible Beauty of AUD1.5 million and its sales revenue for the financial year ended 30 June 2022 of AUD2.2 million as referenced from the relevant annual report or published announcement).

The PSR implied by the Equity Consideration being 0.62 times (calculated based on the Equity Consideration of €9.0 million for the 69.71% effective equity interest in Grown Alchemist and the net sales of Grown Alchemist for the year ended 31 March 2024 of €20.7 million), falls within the fairly narrow range of the two comparable transactions. On this basis, the PSR of the GA Disposal is in our view acceptable.

5. Reasons for and benefits of GA Disposal

As set out in the letter from the Board in the Circular, the Company acquired Grown Alchemist because it considered it to be a potential strategic fit for the Group, envisioning the brand as complementing the Group's other brands in beauty, skincare, and wellness. Since its initial acquisition in 2022 and considering changing global economic and market conditions and the material growth of other brands within its portfolio, the Company is in the process of adjusting its strategy. As part of this strategy adjustment, the Company believes that the GA Disposal would help the Company focus its attention on its core brand L'OCCITANE en Provence, and accelerate the dynamic growth of its other brands, which would in turn help improve the Group's overall financial performance. Lavender was the sole purchaser for the Target Interest identified by the Board at the relevant time. Taking into account the Group's and Grown Alchemist's financial performance and financial position, Grown Alchemist's business prospects as discussed above and our assessment above on the terms of the GA Disposal Agreement, we concur with the Management that the GA Disposal is in line with the Company's overall brand strategy.

Lavender, the acquirer, is familiar with Grown Alchemist and considers the brand can gain more strategic flexibility and autonomy outside a listed group, particularly with regards to its unique partnership with lifestyle and music brands. On this basis, Lavender had keen interest in Grown Alchemist and proceeded immediately, the GA Disposal being completed on 28 March 2024.

6. Financial impact of the GA Disposal

As discussed in section 3(b), the GA Disposal Amount Receivable is equivalent to the sum of (i) the total acquisition costs of the Group in the Target and Grown Alchemist (after having adjusted for foreign exchange differences) of €15,590,138 **less** the Group's share of losses of Grown Alchemist since April 2022 of €6,617,500, amounting to €8,972,638; **plus** (ii) the amount due to the Group from Grown Alchemist, amounting to €19,380,171 as at the date of the GA Announcement. Therefore, in substance, it is expected that there will be no material gain/loss arising from the GA Disposal.

As a matter of technical accounting policy, the Company currently expects to record a gain on the GA Disposal of approximately €10.5 million for FY2024, corresponding to accounting effects over the Equity Consideration of €9.0 million **less** (i) the net assets of Grown Alchemist of €(2.6) million as at 31 March 2024; and (ii) currency translation differences of €0.1 million; and **plus** (i) the non-controlling interests of €(2.1) million; and (ii) net amount of the reversal of consolidation entries of €1.1 million. We have not given this technical gain any material weight in our analysis.

DISCUSSION AND ANALYSIS

The Group, as a geographically-balanced multi-brand group, adjusts its strategy and revises its brand portfolio from time to time to remain competitive amid the changing economic and market conditions. Since April 2022, the Group has acquired equity interests in stages in Grown Alchemist, an Australian-based skincare business, which has become its non-wholly-owned subsidiary up to 28 March 2024. In revenue terms, Grown Alchemist is not material to the Group, accounting for less than 1% of its net sales for FY2023.

After having held interests in Grown Alchemist for two years, the Management has come to the conclusion that it has not proved as good a fit as expected with the Group's evolving strategy. It has also been loss-making. As a willing buyer was available and able to proceed immediately, the Group decided to take the opportunity to divest Grown Alchemist and focus attention on the development of the Group's core brands.

Grown Alchemist has exceeded the 6%–8% growth in beauty markets across different regions including Australia and New Zealand, China, Asia Pacific and the United States in 2022–2027 as estimated by the Beauty Report. However, it has been loss-making over the last two years mainly due to high distribution and marketing expenses and is in net liability position as at 31 March 2024. More effort and individual attention may be required before Grown Alchemist becomes profitable. In view of the Group's squeezed profit margins and decreasing profitability for FY2023 and 1HFY2024 as discussed in section 1 above, the GA Disposal enables the Group to exit and streamline its operations.

As explained in section 3(b) above, the consideration per share payable to the Group is higher than that payable to other four shareholders of the Target. In addition, the GA Disposal Amount Receivable is equivalent to the sum of (i) the total acquisition costs of the Group in the Target and Grown Alchemist (after having adjusted for foreign exchange differences) of €15,590,138 **less** the Group's share of losses of Grown Alchemist since April 2022 of €6,617,500, amounting to €8,972,638; **plus** (ii) the amount due to the Group from Grown Alchemist amounting to €19,380,171 as at the date of the GA Announcement. In substance, it is expected that there will be no material gain/loss arising from the GA Disposal. The GA Disposal Amount Receivable has been principally designed to recover the Group's costs of acquisition plus the Shareholder Loan less losses incurred. On the above basis, we consider the GA Disposal Amount Receivable is fair and reasonable, in particular, given the lack of profitability and the liability position of Grown Alchemist.

As a cross-check, we have reviewed two comparable transactions involving pre-profit skincare businesses on the basis of PSR. The PSR for the GA Disposal lies within the fairly narrow range of the two comparable transactions and we consider it acceptable.

The Offers are conditional on, among others, the Executive granting consent to the GA Disposal (i.e. Condition (f) to the Share Offer as set out in the Offers Announcement). Pursuant to the Takeovers Code, the Executive's consent will be subject to, amongst others, the Disinterested Shareholders having approved the GA Disposal at the EGM. If the Executive's consent is not granted (or any of the conditions to the Executive's consent are not fulfilled), and Offeror waives this condition, the GA Disposal will be terminated and the Offeror will proceed with the Offers.

OPINION AND RECOMMENDATION

Based on the above principal factors and reasons, we consider the terms of the GA Disposal and the GA Disposal Agreement are fair and reasonable as far as the Company and the Disinterested Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the GA Disposal.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

M.N. Sabine
Chairman

Mr. M. N. Sabine is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over forty years of experience in the corporate finance industry.

- (a) The following is the text of a report received from PricewaterhouseCoopers, Société coopérative, for the purpose of incorporation in this circular.



Independent reasonable assurance report on the unaudited financial information of Group Fourteen Holdings Pty. Ltd and its subsidiaries (“GA”) as of and for the years ended 31 March 2023 and 2024 and the gain on the GA Disposal for the year ended 31 March 2024 (the “GA financial Information”)

To the Board of Directors of L’Occitane International S.A. (the “Company”)

In accordance with our agreed terms of engagement dated 30 May 2024, we have performed a reasonable assurance engagement with respect to the compilation of the unaudited financial information of Group Fourteen Holdings Pty. Ltd and its subsidiaries (“GA”) as of and for the years ended 31 March 2023 and 2024 and the gain on the GA Disposal for the year ended 31 March 2024 (the “**GA financial Information**”) included in the special deal circular dated 5 June 2024 (the “**Circular**”).

Criteria

The criteria used by the Board of Directors of the Company to compile the GA financial Information as included in the Circular is based on the accounting policies as adopted by the Company to prepare its audited consolidated financial statements as of and for the year ended 31 March 2023 (the “**Criteria**”).

Responsibility of the Board of Directors of the Company

The Board of Directors of the Company is responsible for the compilation of the GA financial Information included in the Circular in accordance with the Criteria. This responsibility includes the design, implementation and maintenance of internal control relevant to the compilation of the GA financial Information included in the Circular that is free from material misstatement, whether due to fraud or error.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the “Commission de

*PricewaterhouseCoopers, Sociétécoopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477-TVA LU25482518*

APPENDIX IV REPORTS FROM THE COMPANY’S INDEPENDENT AUDITOR AND THE INDEPENDENT FINANCIAL ADVISER ON THE GA FINANCIAL INFORMATION AND EXPECTED GAIN
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Surveillance du Secteur Financier” (CSSF), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, as adopted for Luxembourg by the CSSF, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express an opinion about whether, so far as the accounting policies and calculations are concerned, the GA financial Information included in the Circular is properly compiled in accordance with the Criteria. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance engagements other than audits or reviews of historical financial information” (ISAE 3000 (Revised)) as published by the International Auditing and Assurance Standards Board (IAASB) and adopted by the Institut des Réviseurs d’Entreprises. This standard requires that we plan and perform our engagement to obtain reasonable assurance about whether the GA financial Information included in the Circular is prepared in accordance with the Criteria.

A reasonable assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the Criteria as the basis for the compilation of the GA financial Information included in the Circular, assessing the risks of material misstatement of the GA financial Information included in the Circular whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GA financial Information included in the Circular.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- obtained the management accounts of GA for the years ended 31 March 2023 and 2024 and the draft Circular containing the GA financial Information;
- obtained an understanding of the principal accounting policies adopted in the compilation of the GA financial Information included in the Circular through inquiries primarily of persons responsible for financial and accounting matters;

APPENDIX IV REPORTS FROM THE COMPANY’S INDEPENDENT AUDITOR AND THE INDEPENDENT FINANCIAL ADVISER ON THE GA FINANCIAL INFORMATION AND EXPECTED GAIN
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- obtained an understanding of the internal controls relevant to the selection and application of appropriate accounting policies and the accurate calculations in the compilation of the GA financial Information included in the Circular through inquiries primarily of persons responsible for financial and accounting matters;
- compared the principal accounting policies used in the compilation of the GA financial Information included in the Circular with those used for the preparation of the audited consolidated financial statements of the Company as of and for the year ended 31 March 2023; and
- checked the arithmetical calculations relating to the GA financial Information included in the Circular.

Reasonable assurance conclusion

In our opinion, so far as the accounting policies and calculations are concerned, the GA financial Information included in the Circular is properly compiled, in all material respects, in accordance with the Criteria.

Restriction on use and distribution of the report

The GA financial Information included in the Circular has not been prepared in accordance with the requirements of Regulation S-X of the United States of America (the “US”) Securities and Exchange Commission or practices generally accepted in the US. Our procedures on the GA financial Information included in the Circular have not been carried out in accordance with auditing standards or other standards and practices generally accepted in the US. Accordingly, our report should not be relied upon as if our procedures had been carried out in accordance with those standards and practices.

This report, including the opinion, has been prepared for and only for the Company in accordance with the terms of our engagement letter and is not suitable for any other purpose. We do not accept any responsibility to any other party to whom it may be distributed.

PricewaterhouseCoopers, Sociétécoopérative
Represented by

Luxembourg, 5 June 2024

Magalie Cormier
Réviseur d’Entreprises Agréé

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- (b) The following is the text of a letter from Somerley, the Independent Financial Adviser, for the purpose of incorporation in this circular.



SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen’s Road Central
Hong Kong

5 June 2024

The board of directors
L’Occitane International S.A.
49, Boulevard Price Henri L-1724
Luxembourg

Dear Sirs,

We refer to the circular of L’Occitane International S.A. dated 5 June 2024 in relation to, among others, the GA Disposal (the “**Circular**”). Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise specified.

The unaudited financial information of Grown Alchemist set out under the sub-section headed “Target and Grown Alchemist” (“**Required GA Financial Information**”) and an expected gain on the GA Disposal under section headed “6. Net Proceeds” (the “**Expected Gain**”) in the letter from the Board contained in the Circular as reproduced below is regarded as a profit forecast pursuant to Rule 10 of the Takeovers Code and is required to be reported on:

(1) Required GA Financial Information

“The unaudited financial information of Grown Alchemist on a consolidated basis for FY2023 and FY2024 (based on the unaudited management accounts of Grown Alchemist prepared under the same accounting principles and policies as adopted by the Company to prepare its annual consolidated financial statements) is as follows:

	FY2023 <i>EUR</i> <i>(Unaudited)</i>	FY2024 <i>EUR</i> <i>(Unaudited)</i>
Loss before income tax	4,344,000	6,631,000
Loss after income tax	4,344,000	6,631,000

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	As at 31 March	
	2023	2024
	<i>EUR</i>	<i>EUR</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net assets	4,052,000	(2,648,000)

(2) Expected Gain

The Company currently expects to record a gain on the GA Disposal of approximately EUR10.5 million for FY2024 (the “**Expected Gain**”), which results from the accounting effect over the sales price for the 35% equity interest in Grown Alchemist and 53.4% equity interest in the Target of approximately EUR9.0 million, less (i) the net assets of Grown Alchemist of approximately EUR(2.6) million as at 31 March 2024, less (ii) the currency translation differences of approximately EUR0.1 million, plus (iii) the non-controlling interests of EUR(2.1) million, plus (iv) the net amount of the reversal of consolidation entries of approximately EUR1.1 million.”

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the Company, its subsidiaries, associates and/or joint ventures, and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects as at the date hereof. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Company, its subsidiaries, associates and/or joint ventures. Save as provided in this letter, we do not express any other opinion or view on the Required GA Financial Information and the Expected Gain.

We have discussed with the Directors the bases upon which the Required GA Financial Information and the Expected Gain were prepared. We have also considered the letter dated 5 June 2024 issued by PricewaterhouseCoopers set out in the section headed “Reports from the Company’s independent auditor and the Independent Financial Adviser on the GA Financial Information and Expected Gain” in the appendix IV to the Circular. Based on the above, we are satisfied that the statement of the Required GA Financial Information and the Expected Gain, for which the Board is solely responsible, has been made with due care and consideration.

APPENDIX IV REPORTS FROM THE COMPANY'S INDEPENDENT AUDITOR AND THE INDEPENDENT FINANCIAL ADVISER ON THE GA FINANCIAL INFORMATION AND EXPECTED GAIN
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This letter is provided to the Board solely for the purpose of complying with Rule 10.4 of the Takeovers Code and not for any other purpose. We do not accept any responsibility to any person(s), other than the Board, in respect of, arising out of, or in connection with this letter.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

M.N. Sabine
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Company.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date and based on the records of the Company maintained in accordance with the SFO and the Listing Rules, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) the contained in the Listing Rules were as follows:

Directors’ and the chief executive’s interests in the Company

Director or chief executive	Nature of interests	Number of Shares	Approximate percentage of interests in the Company ⁽¹⁾
Reinold Geiger ⁽²⁾	Beneficial interest	1,148,750 ^(L)	0.08%
	Interest in controlled corporation	1,067,587,391 ^(L)	72.28%
	Deemed interest	1,996,691 ^(L)	0.14%
André Hoffmann ⁽³⁾	Interest in controlled corporation	2,495,250 ^(L)	0.17%
Laurent Marteau ⁽⁴⁾	Beneficial interest	1,013,731 ^(L)	0.07%
Karl Guénard ⁽⁵⁾	Beneficial interest	324,900 ^(L)	0.02%
Jackson Chik Sum Ng ⁽⁶⁾	Beneficial interest	30,000 ^(L)	0.00%

Notes:

- (1) These disclosure of interest calculations are calculated on the basis of the Company’s total issued share capital as of the Latest Practicable Date, i.e., 1,476,964,891 Shares, which include 1,996,691 treasury shares that are held by or on behalf of the Company.

- (2) These interests represent (i) 1,148,750 Shares beneficially held by Mr. Geiger; (ii) 1,067,587,391 Shares held by Mr. Geiger through Offeror, a controlled corporation of Mr. Geiger; and (iii) 1,996,691 Shares that are held in treasury. The sole ultimate controlling shareholder of Offeror is Mr. Reinold Geiger. Mr. Geiger is the chairman of the Board and an executive Director; he is also a director and chairman of the board of directors of Offeror. Mr. Geiger is the ultimate beneficial owner of the entire issued share capital of CIME S.C.A., which has 100% interest in Société d'Investissements CIME S.A., which in turn controls 74.27% (as at the Latest Practicable Date) of Offeror. Accordingly, Mr. Geiger is deemed under the SFO to be interested in all the Shares registered in the name of Offeror.
- (3) These interests represent 2,495,250 Shares held by Mr. Hoffmann through Lavender, a wholly-owned corporation of Mr. Hoffmann.
- (4) These interests represent (i) 205,200 Shares underlying unvested share options; and (ii) 808,531 Shares underlying unvested free share units, granted to Mr. Marteau under the Share Option Plans and Free Share Plan, respectively.
- (5) These interests represent (i) 166,300 Shares underlying vested share options; (ii) 61,000 Shares underlying unvested share options, granted to Mr. Guénard under the Share Option Plans and Free Share Plan, respectively; and (iii) 97,600 Shares beneficially held by Mr. Guénard.
- (6) These interests represent 30,000 Shares beneficially held by Mr. Ng, an independent non-executive Director.
- (7) “(L)” denotes a long position in the Shares.

Directors’ and chief executive’s interest in the underlying shares of associated corporations of the Company

L’Occitane Groupe S.A. (being Offeror)

Name of Directors or chief executive	Nature of interests	Total number of shares	Approximate percentage of shareholding in Offeror ⁽¹⁾
Reinold Geiger ⁽²⁾	Beneficial interest and deemed interest	10,169,036 ^(L)	74.27%
André Hoffmann	Beneficial interest and deemed interest	2,478,286 ^(L)	18.10%
Karl Guénard	Beneficial interest	4,000 ^(L)	0.03%
Séan Harrington ⁽⁵⁾	Beneficial interest	4,200 ^(L)	0.03%
Charles Mark Broadley ⁽³⁾	Beneficial interest	400 ^(L)	0.00%
Jackson Chik Sum Ng ⁽³⁾	Beneficial interest	400 ^(L)	0.00%

Notes:

- (1) The approximate percentage shareholdings in the share capital of Offeror are calculated on the basis of the total number of 13,691,954 shares issued, inclusive of 491,783 treasury shares held by or on behalf of Offeror.

- (2) These interests represent (i) 253 shares beneficially held by Mr. Geiger; (ii) 9,677,000 shares held by Mr. Geiger directly and indirectly through Société d'Investissements Cime S.A.; and (iii) 491,783 treasury shares that are held by or on behalf of Offeror. Mr. Geiger is the ultimate beneficial owner of the entire issued share capital of Société d'Investissements Cime S.A.; Mr. Geiger is therefore deemed under the SFO to be interested in all the shares in Offeror held by Société d'Investissements Cime S.A. As ultimate controlling shareholder of Offeror, Mr. Geiger is also deemed to be interested in the treasury shares being held by Offeror.
- (3) These interests represent shares of Offeror underlying free shares granted under Offeror's share incentive plan, which vest on 1 July 2024.
- (4) "(L)" denotes a long position in the shares of Offeror.
- (5) These interests represent shares of Offeror underlying free shares granted under Offeror's share incentive plan, which vest on 30 June 2025.

Associated corporation (other than Offeror): ⁽¹⁾

Name of Director	Nature of interests	Associated corporation	Total number of shares	Approximate percentage of shareholding in associated corporation
Séan Harrington	Interest in controlled corporation	LOI ELEMIS S.A.R.L.	132 ^(L)	1.10%

Notes:

- (1) As a result of the GA Disposal, Grown Alchemist ceased to be consolidated in the Company's accounts on 28 March 2024, and as at the Latest Practicable Date, Mr. André Hoffmann indirectly held 100% of Grown Alchemist. As explained in this circular, the GA Disposal is subject to approval by Shareholders at the EGM and, should the GA Disposal not be approved by Shareholders and/or the Executive's consent for the GA Disposal not be granted (or the conditions to the Executive's consent not be fulfilled), the GA Disposal may be terminated and unwound, in which case, the Company will revert to holding the Target Interests, Mr. Hoffmann will hold the remaining 46.6% equity interest and 17.38% voting interest of the Target, and each of the Target and Grown Alchemist will revert to being an associated corporation of the Company.
- (2) "(L)" denotes a long position in the shares of the relevant associated corporations.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director and chief executives of the company are taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2023, being the date to which the latest published audited financial statements of the Company were made up.

5. EXPERTS AND CONSENTS

The following is the qualification of the experts who have given opinion or advice contained in this circular:

Name	Qualification
Sommerley Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO.
PricewaterhouseCoopers, Société coopérative	Independent auditor (réviseur d'entreprises agréé). PricewaterhouseCoopers, Société coopérative are members of the Luxembourg Institut Des Réviseurs d'Entreprises

As at the Latest Practicable Date, each of the experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s), and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the experts (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) were not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2023, being the date to which the latest published audited accounts of the Company were made up.

6. DOCUMENTS ON DISPLAY

Copies of the below documents will be available on the website of the SFC (<https://www.sfc.hk>) and the Company (group.loccitane.com) from the date of this circular up to the date of the EGM:

- (i) the GA Disposal Agreement;
- (ii) the letter from the Board, the contents of which are set out in the “Letter from the Board”;
- (iii) the letter of recommendation from the Independent Board Committee to Disinterested Shareholders, the contents of which are set out in Appendix II to this circular headed “Letter from Independent Board Committee”;
- (iv) the letter of advice from the Independent Financial Adviser to the Independent Board Committee, the contents of which are set out in Appendix III to this circular headed “Letter from Independent Financial Adviser”;
- (v) the reports from the Company’s independent auditor and the Independent Financial Adviser on the GA Financial Information and Expected Gain, the contents of which are set out in Appendix IV to this circular headed “Reports from the Company’s Independent Auditor and the Independent Financial Adviser on the GA Financial Information and Expected Gain”); and
- (vi) the written consent from the Company’s independent auditor and the Independent Financial Adviser as referred to in the section headed “Experts and Consents” in this Appendix V.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of L’Occitane International S.A. (the “**Company**”) will be held at 27th Floor, Jardine House, One Connaught Place, Hong Kong on Friday, 21 June 2024 at 4:00 p.m. (Hong Kong Time) for the purpose of considering and, if thought fit, passing with or without modifications, the resolution set out below, as ordinary resolution.

Reference is made to the circular of the company dated 5 June 2024 (the “**Circular**”), of which this notice forms part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

ORDINARY RESOLUTION

1. “**THAT**

- (a) the GA Disposal, the GA Disposal Agreement and the transactions contemplated thereunder (namely, the GA Disposal) be hereby confirmed, approved and ratified; and
- (b) any Director (or any person designated by them), other than Mr. Reinold Geiger, Mr. Karl Guénard, Mr. André Hoffmann and Mr. Séan Harrington, acting singly or collectively, be and is hereby authorised to do all such acts, including to prepare, sign, execute and deliver all such other documents, instruments and agreements for and on behalf of the Company, and to take any and all steps considered necessary, desirable or expedient by such Director(s) (or person(s) designated by such Director(s)) to implement and/or give effect to the GA Disposal, the GA Disposal Agreement and the transactions contemplated thereunder; and that any member of the Group be and is hereby authorised to, in that member’s absolute discretion deemed appropriate or expedient and in the interests of the Company and the Shareholders as a whole and based on the actual needs of the Group, negotiate, prepare, execute, amend, supplement and perform any and all documents in connection with the GA Disposal and the GA Disposal Agreement (including but not limited to the

NOTICE OF EGM

transactions contemplated thereunder) and proceed with all actions considered by such member to be necessary or desirable to execute, implement, perform or give effect to the GA Disposal and the GA Disposal Agreement (and the transactions contemplated thereunder).”

By order of the Board
L’Occitane International S.A.
Mr. Laurent Marteau
Director and Chief Executive Officer

Luxembourg, 5 June 2024

Registered office:
49, Boulevard Prince Henri
L-1724 Luxembourg
Grand Duchy of Luxembourg

Principal place of business in Hong Kong:
20/F, K11 ATELIER King’s Road
728 King’s Road
Quarry Bay, Hong Kong

Notes:

1. The resolution at this meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint more than one proxy to attend and vote instead of that shareholder. A proxy need not be a shareholder of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the persons so present whose name stands first on the register of shareholders in respect of such share shall alone be entitled to vote in respect thereof.
4. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by that shareholder.
5. In order to be valid, a form of proxy must be deposited at the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof), as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e., before 4:00 p.m. (Hong Kong time) on Wednesday, 19 June 2024) or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person in Hong Kong at the EGM or any adjournment thereof if they so wish, provided that the proxy shall in that case be withdrawn and shall not be taken into account for the voting.
6. The transfer books and register of shareholders will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024, both days inclusive, during which period no share transfers can be registered, for determining the right to attend and vote at the EGM. All transfers accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. (Hong Kong time) on Monday, 17 June 2024.
7. A circular containing further details concerning the proposed resolution contained in this notice will be sent to all shareholders of the Company together with this notice.
8. Unless otherwise specified, references to time and dates in this notice are to Hong Kong time and dates.