UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

Fiscal Year 2021

Lagardère SA

A French joint-stock corporation (*société anonyme*) with share capital of €860,913,044.60
Registered office: 4, rue de Presbourg, 75016 Paris – France
Telephone: +33 (0)1 40 69 16 00
Registered with the Paris Trade and Companies Registry under number 320 366 446
Website: www.lagardere.com

The Universal Registration Document was filed on 18 March 2022 with the French financial markets authority (*Autorité des marchés financiers* – AMF) as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to article 9 of said Regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF, together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129 .

The Universal Registration Document including the Annual Financial Report is a translation into English of the Annual Financial Report/Universal Registration Document, prepared in xHTML format and issued in French, and is available on the website of the AMF and of the Company.

CONTENTS

Ladies and Gentlemen, dear Shareholders,

The conversion of Lagardère SCA into a joint-stock company (*société anonyme*) with a Board of Directors in 2021 marked a new chapter in the Group's history. Our governance is now characterised by a calm and constructive relationship with our main shareholders, which reinforces the integrity and durability of our Group.

We share the same ambition to grow and develop through a strategy based on operational efficiency and complementary businesses, refocused on Publishing and Travel Retail, as well as on Media and Entertainment.

That this is the right strategy was vividly illustrated in 2021, a year that marked the Group's return to operating profitability with exceptional performances and cash generation, despite the prolonged health crisis.

Lagardère Publishing delivered record revenue and recurring EBIT in 2021, driven by strong momentum in the book market, publishing success in all countries where we operate and in all business segments, and together with disciplined cost control. The division's results clearly demonstrate the strength of its unique model.

In an environment that remained unsettled, Lagardère Travel Retail outperformed expectations thanks to its operational excellence, further major cost-control efforts and optimised store reopenings.

Lastly, Lagardère News and Lagardère Live Entertainment also improved their results, aided by an upturn in the advertising market, the easing of health restrictions and continued cost-saving measures.

Cash generated by operations combined with disciplined cost-control efforts enabled us to significantly reduce our net debt in 2021, and the Group now has a solid liquidity position.

In 2021, our Group also pursued its bold corporate social responsibility commitments. On the environmental front, we completed a full carbon audit (Scopes 1, 2 & 3) of each of our businesses, allowing us to take a further step in deploying our ambitious low-carbon strategy, while pressing ahead with our initiatives focused on preserving natural resources, promoting eco-design and reducing the use of plastic. On the social and societal front, we stepped up our initiatives in favour of diversity, inclusion, gender equality and equal access to knowledge and entertainment, principles that stand at the heart of our CSR strategy.

More than ever, these achievements – both financial and non-financial – are the result of the determination and talent of the women and men who make up our Group. I would especially like to thank them for their day-to-day commitment, which is critical to our success.

Unfortunately, a lack of certainty continued to shape the start of 2022, although there are now increasing signs that the health crisis is abating. Against this backdrop, we will continue with our cost-cutting and cash-control efforts, while remaining alert to development opportunities. We will also continue to move forward with the initiatives that form our ambitious CSR strategy.

Despite persistent uncertainties, we are confident as we move forward. The diversity and complementary nature of our businesses and the commitment of our talented teams – the bearers of our values of boldness and creativity – are valuable assets that will drive our Group to further success. In this ambition, I am proud to be able to count on our largest shareholder, the Vivendi group and the Bolloré family, as a guarantee of our stability and support for our culture, our strategy and our integrity over the long term. I would also like to add – and this is important for those attached to the industrial and cultural heritage we were handed down in 2003 – that the Bolloré family and the management of Vivendi do honour to the memory of Jean-Luc Lagardère, and this makes both Pierre Leroy and myself extremely pleased.

I would also like to thank you, dear shareholders, for your support.

Arnaud Lagardère

Chairman and Chief Executive Officer of Lagardère SA

LAGARDÈRE 2021 IN BRIEF

Revenue	Group recurring EBIT	Free cash flow
€5,130m	€249m	€456m

International footprint	Employees	Top executives
40+ countries	27,359	44% women

99%

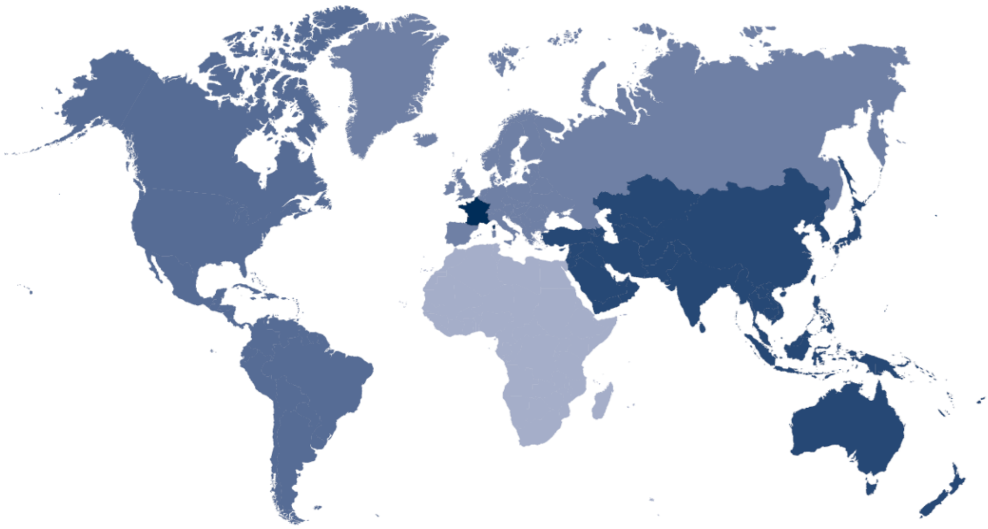
of paper (books and magazines) purchased and supplied certified and/or recycled

Index

Member of the S&P Global Sustainability Yearbook 2022

REVENUE BY GEOGRAPHIC AREA

France | 27%
Europe (excl. France) | 32%
United States and Canada | 28%
Asia-Pacific | 10%
Latin America, Middle East and Africa | 3%



LAGARDÈRE PUBLISHING

No. 3 CONSUMER PUBLISHING GROUP WORLDWIDE

No. 1 PUBLISHING GROUP IN FRANCE

No. 1 PUBLISHER OF PARTWORKS WORLDWIDE

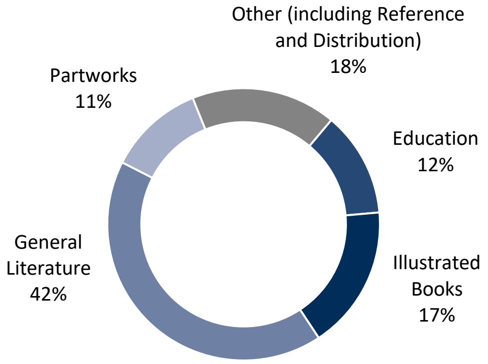
Revenue €2,598m	Operating margin 13.5%	6,919 employees

200+ publishing brands

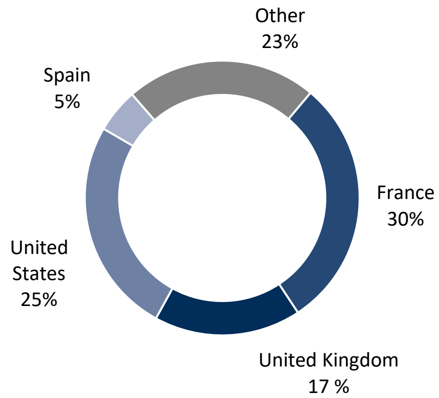
115,000+ titles in digital format

16,000 new releases

REVENUE BY BUSINESS



REVENUE BY GEOGRAPHIC AREA



LAGARDÈRE TRAVEL RETAIL

No. 2 OPERATOR IN AIRPORT TRAVEL RETAIL WORLDWIDE

No. 2 OPERATOR IN TRAVEL ESSENTIALS WORLDWIDE

No. 1 TRAVEL RETAIL OPERATOR IN FRANCE

Revenue
€2,290m

Flow-through ratio
11.8%

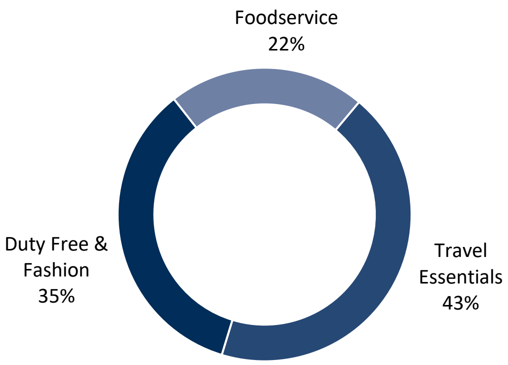
19,337
employees

Operations in 260 airports

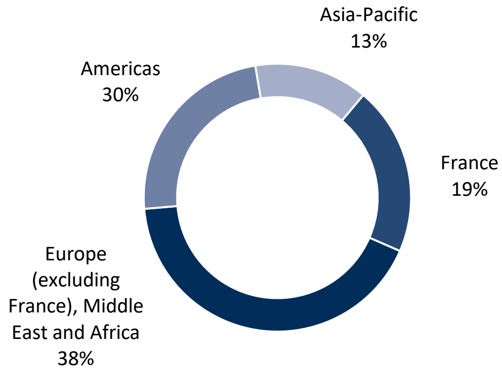
Operations in 710 rail and urban transport stations

4,800+ stores and restaurants

REVENUE BY BUSINESS



REVENUE BY GEOGRAPHIC AREA



LAGARDÈRE NEWS

3 RADIO STATIONS

2 PRESS TITLES

1 GLOBAL PRESS BRAND

5.6 million listeners[1] daily

3.3 million+ readers[2] weekly

9.6 millions unique visitors[3] to its digital platforms

LAGARDÈRE LIVE ENTERTAINMENT

4 PERFORMANCE VENUES

220 SHOWS IN 2021 (VERSUS 600 IN A REGULAR YEAR)

7 TOURING ARTISTS

[1] Source: Médiamétrie 126,000 Radio; Monday-Friday, 5 a.m.-midnight; 13 years and older; Europe 1, Virgin Radio and RFM; November-December 2021; cumulative audience.

[2] Source: ACPM One Next 2021 V4 / ACPM Brand One Next Global 2021 V4.

[3] Source: Médiamétrie NetRatings, total Internet audience in France, November 2021, unduplicated audience: Europe 1 (B), *Le Journal du Dimanche* (B), *Paris Match* (B), Virgin Radio (B), RFM (B); basis: 2 years and older.

1 OVERVIEW OF THE GROUP

1.1 GENERAL INFORMATION ABOUT THE ISSUER

1.1.1 COMPANY NAME AND COMMERCIAL NAME

Company name: Lagardère SA

Commercial name: Lagardère

1.1.2 REGISTERED OFFICE, ADDRESS, TELEPHONE, WEBSITE

Registered office:
4 rue de Presbourg, 75116 Paris, France

Postal address:
4 rue de Presbourg, 75116 Paris, France

Website:
www.lagardere.com

Telephone:
+33 (0)1 40 69 16 00

1.1.3 LEGAL FORM AND GOVERNING LAW

Lagardère is a joint-stock company (*société anonyme*) governed by French law.

1.1.4 PLACE OF REGISTRATION AND REGISTRATION NUMBER

Registered with the Paris Trade and Companies Registry under number 320 366 446.

Legal Entity Identifier: 969500VX2NV2AQQ65G45

1.1.5 DATE OF INCORPORATION AND TERM OF THE COMPANY

Lagardère was incorporated on 24 September 1980.

Its term will expire on 15 December 2079.

1.2 HISTORY

The original purpose of Lagardère SA, named MMB up to the end of 1992, and subsequently Lagardère group until June 1996, and Lagardère SCA until 2021 was to unite all media sector assets held by the Matra group in 1982 prior to the French State's acquisition of an interest in Matra's capital, so that the State would not be in a position of control.

Under the initiative and management of Jean-Luc Lagardère, the Company then took control of Hachette, followed by Matra, which returned to the private sector in early 1988.

At the end of 1992, the activities of these two companies were combined when their two holding companies were merged to form Matra Hachette. At the same time, the Company changed its legal form and became a French partnership limited by shares.

The restructuring process was completed in June 1996, when Lagardère group absorbed Matra Hachette, and adopted its former name of Lagardère SCA.

Since then and to date, the following changes have taken place in the Group's structure:

- **Major alliances and divestments in the Defence and Space industries**: this European alliance strategy was initiated in the early 1990s, and underwent an important development in 1999 when Aerospatiale Matra was formed through the contribution of Matra Hautes Technologies – which held all of Lagardère SCA's aerospace operations – to Aerospatiale. The process was completed on 10 July 2000 when all of Aerospatiale Matra's businesses were merged with those of DaimlerChrysler Aerospace AG and Spanish company CASA to form the European company EADS NV (renamed Airbus Group NV on 2 January 2014 and Airbus Group SE following transformation of the European company on 27 May 2015), in which Lagardère SCA indirectly held an interest of approximately 15%.

  This interest was reduced to 7.5% in 2009 following the sale of three 2.5% tranches of

EADS' capital in June 2007, June 2008 and March 2009. Following a series of transactions carried out in concert with the other joint shareholders, on 12 April 2013 Lagardère sold its entire interest for €2,283 million (€37.35 per share) by means of private placements through accelerated bookbuilding with qualified investors. The Lagardère group no longer owns any interest in Airbus Group SE.

- **Repositioning and streamlining in the media and communication industries, by means of:**
  - a takeover of businesses in these two sectors, with the bid for Europe 1 Communication (Audiovisual business) in 1999, and the share exchange offer for Hachette Filipacchi Médias (Magazine Publishing business) in 2000, followed by an offer to purchase all of the remaining minority interests;
  - several agreements signed, essentially in the audiovisual sector (acquisition of a 34% interest in CanalSatellite, replaced in early 2007 by a 20% interest in the pay television operator Canal+ France and the sale of this interest to the Vivendi group on 5 November 2013);
  - the combination of the Magazine Publishing, Audiovisual and Digital businesses within a new entity, Lagardère Active, was completed in 2006;
  - from 2010, Lagardère Active began to streamline and rationalise its activities. The process notably involved:
    - sale of the International Magazine Publishing business to Hearst in 2011 (102 publications in 15 countries),
    - sale of its Radio business in Russia in December 2011,
    - sale of ten French Magazine Publishing titles in July 2014.
- **Creation of a Sports division, first named Lagardère Unlimited and later Lagardère Sports and Entertainment:**
  - through the acquisition, between 2007 and 2008, of Sportfive (management of sports broadcasting and marketing rights), IEC in Sports (media rights), World Sport Group (management of sports audiovisual broadcasting rights in Asia), Upsolut (organisation of endurance sports events) and Pr Event (organiser of the Swedish Open tennis tournament);
  - the combination in 2010 of all of the Sports division entities with the Best group, acquired in 2010, within the Lagardère Sports and Entertainment division.
- **Continued development of Lagardère Publishing**: with a steady stream of investments in attractive country markets like France, Spain, the United States, the United Kingdom and Australia, enabling it to grow from 11th position to become the third-largest publisher in the world:
  - the acquisition in 2002-2004 of Vivendi Universal Publishing's European assets in France and Spain, and of Hodder Headline's assets in the United Kingdom;
  - the acquisition in 2006 of US publisher Time Warner Books;
  - the acquisition in 2016 of US publishing group Perseus Books;
  - the acquisition in 2017 of Bookouture, the leading UK e-book publisher, and Summersdale, a publishing house;
  - the acquisitions in 2020 and 2021 of UK-based Laurence King Publishing, and US-based Workman Publishing.

  In 2016, Lagardère Publishing began diversifying into adjacent businesses such as Board Games and Mobile Games through a number of acquisitions in France and internationally.
- **Development of the Lagardère Travel Retail division**: the Travel Retail business has increased in stature through organic growth and major acquisitions.

  Examples of some key transactions include:
  - the acquisition of ADR Retail Srl (since renamed Lagardère Services Travel Retail Roma), an operator of 13 duty free/duty paid stores in two airports in Rome, in September 2012 by Lagardère Services Travel Retail;

- the acquisition of an operator of retail stores in Amsterdam Schiphol airport, the Netherlands, in January 2014 by Aelia SAS (since renamed Lagardère Duty Free), a subsidiary of Lagardère Travel Retail;
- the formation of a partnership between Lagardère Travel Retail and a company operating over 200 points of sale in 11 countries, including Venice and Treviso airports, in April 2014;
- the acquisition in October 2015 of Paradies, a leader in airport travel retail in North America with long-term concessions in more than 76 airports;
- the acquisition in November 2018 of Hojeij Branded Foods, a leader in Foodservice in the Travel Retail market in North America;
- the acquisition in September 2019 of International Duty Free, Belgium's leading Travel Retail operator.

Lastly, a strategic partnership in September 2021 with JD.com to accelerate the growth of the business in China and its digitalisation.

Travel Retail has also completed the disposal of its Distribution business with the sales of its Magazine Distribution activities in the United States (Curtis, June 2015), and its Press Distribution businesses in Switzerland (February 2015), Spain (October 2015), Belgium (November 2016), and, lastly, Hungary (February 2017).

► In 2018, the Group launched a **strategic refocusing** around two priority divisions, each of which is a world leader in its respective sector:
  - Lagardère Publishing;
  - Lagardère Travel Retail.

The main objective of this strategic refocusing was to improve the Group's industrial profile, making it simpler, more ambitious and streamlined, and to improve cash generation in order to fund the growth of the Group's two priority divisions.

To achieve this objective, from 2018 to 2020 the Group divested Lagardère Active assets, with the exception of Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and Advertising Sales Brokerage businesses and the Elle licence), as well as Lagardère Sports (except for the activities of Lagardère Live Entertainment).

► **Conversion of Lagardère into a French joint-stock company (*société anonyme*) and implementation of a new governance structure.**

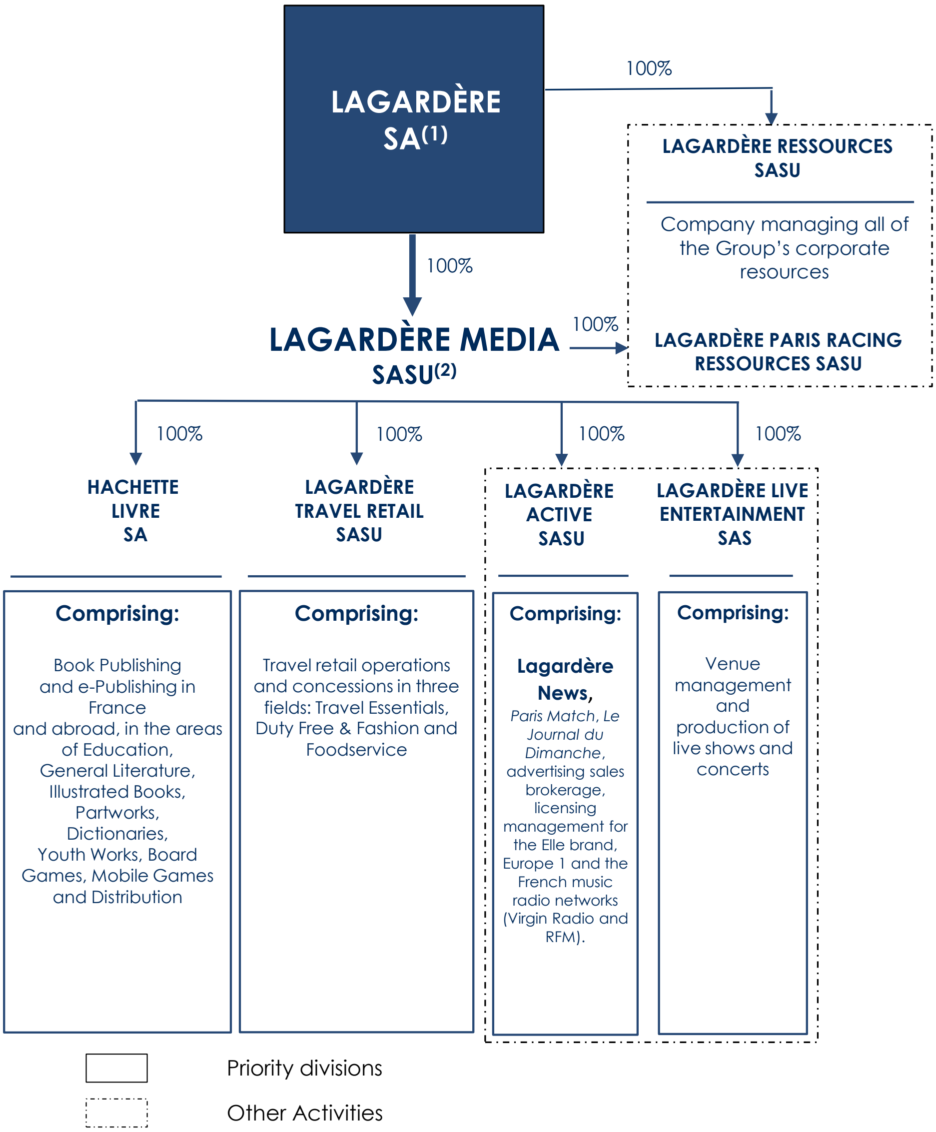
On 30 June 2021, the General Meetings of the General Partners and the shareholders of Lagardère SCA (the "Company") approved its conversion into a French joint-stock company and appointed a Board of Directors comprising representatives of each of its major shareholders.

On the same day, the Board of Directors appointed Arnaud Lagardère as Chairman and Chief Executive Officer and Pierre Leroy as Deputy Chief Executive Officer, each for a six-year term.

1.3 ORGANISATION CHART – PRINCIPAL SUBSIDIARIES – RELATIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

Lagardère SA's role in respect of its subsidiaries is described in section 3.2, below, and in the Lagardère SA Company financial statements (including the notes) in sections 5.4 and 5.5.

In addition, note 5 to Lagardère SA's consolidated financial statements also includes segment information, by division and by geographic area.



(1) Organisation chart at 31 December 2021.

(2) Lagardère Media is the holding company for all Group operations.

Percentages correspond to share capital and voting rights.

As indicated in section 3.2 on the Group's organisational structure, Lagardère SA is a holding company.

The Group operates through subsidiaries that are wholly owned by Lagardère Media, which is itself wholly owned by Lagardère SA. These operating units are:

- Hachette Livre: a French holding company for the Lagardère Publishing division;
- Lagardère Travel Retail: a French holding company for the Lagardère Travel Retail division;
- Lagardère Active: a French holding company consolidating the business operations of Lagardère News;
- Lagardère Live Entertainment: a French holding company for the Entertainment division.

A detailed list of the Group’s 385 consolidated subsidiaries and their locations is provided in note 38 to the consolidated financial statements.

Details of the positions held in these subsidiaries by Lagardère SA corporate officers are presented in section 2.2.2 of this Universal Registration Document.

The Group's economic organisation (i.e., the breakdown of business activities by segment) is described in section 1.4. There is no significant functional dependency between the Group's various entities.

Section 1.4 presents the businesses carried out by the principal Group subsidiaries and affiliates, and the key consolidated financial information concerning these companies is reported in the notes to the consolidated financial statements (note 5 on segment information). The Group has not identified any cases where access to its consolidated subsidiaries' results is restricted.

Lastly, the amount and nature of the financial transactions between Lagardère SA and Group subsidiaries are described in section 2.6 below.

1.4 BUSINESS ACTIVITIES AND STRATEGY

Lagardère is an international group with operations in more than 40 countries worldwide. It employs some 27,000 people and generated revenue of €5,130 million in 2021.

The Group focuses on two priority divisions:

Lagardère Publishing[1], which includes the Group's **Book Publishing and e-Publishing businesses**, covering such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Board Games, Mobile Games and Distribution. The division operates predominantly in the three main language groups: English, French and Spanish.

Hachette Livre is the world's third-largest trade book publisher for the general public and educational markets (number one in France, number two in the United Kingdom, number three in Spain, and number four in the United States).

Amid the Covid-19 health crisis, the global publishing market experienced sustained growth in every geographic area in 2021, with demand particularly buoyant in such segments as Youth Works and Illustrated Books. In this environment, the division delivered outstanding revenue, recurring operating profit and profitability in 2021.

There are several key success factors in Hachette Livre's strategy:

- well-balanced positioning (across geographic areas and publishing segments), allowing it to capitalise on the fastest-growing markets;
- decentralised organisation, giving a large degree of autonomy to its different entities and publishing houses;
- a particular focus on taking full advantage of its diverse catalogue and related rights with a view to adapting the written word for different forms of distribution and new audiences;
- sustained investments in digital technology and the Internet in order to offer products resonant with emerging market trends and suited to multiple distribution channels, media and formats (e-books, audio books, digital marketing, adaptive learning platforms, etc.);
- an ambitious CSR strategy to improve its environmental, social and societal performance (carbon footprint, use of recycled or certified paper, initiatives to promote diversity, accessible books, etc.).

The division continued to diversify in 2021 by acquiring several companies specialising in Board Games and Mobile Games. These investments reflect a strategic commitment to exploring adjacent growth markets with business models similar to book publishing.

The division is also pursuing its strategy of targeted acquisitions in its core publishing business, along the lines of the acquisitions of Workman Publishing in the United States and Illuminate Publishing in the United Kingdom, while simultaneously modernising its Distribution business and pressing ahead with measures to cut and control costs.

Lagardère Travel Retail consists of retail operations in transit hubs and concessions in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice.

Lagardère Travel Retail is a global market leader in its markets:

- the fifth-largest travel retail operator (second-largest in airport travel retail);
- the world's largest international network of travel essentials stores;
- the European leader in the travel retail fashion segment;
- the fourth-largest operator in airport core duty free;
- the world's fourth-largest Foodservice provider in transit areas.

The Covid-19 health crisis has caused a severe contraction in business across the travel and tourism industry. Against this backdrop, the division pursued its plan aimed at preserving cash flow and earnings, which effectively limited the negative

[1] This Universal Registration Document refers to this business interchangeably as Hachette Livre or Lagardère Publishing.

impact of the revenue decline on operating profit for the year, while supporting what is expected to be a recovery correlated with momentum in the vaccination campaigns.

In 2022, the main priorities are to:

- pursue the LEaP Forward transformation and optimisation programme;
- optimally manage store reopenings depending on pandemic conditions in each country, supported by extending the arrangements renegotiated with the concession grantors in 2021 concerning the contractual conditions applicable as store traffic recovers;
- implement the Asian expansion plan and strategy;
- follow its ambitious vision to set the market standard in CSR by taking a pragmatic approach;
- define a differentiating digital strategy, expressed in effective, actionable initiatives;
- press ahead with cash conservation and optimisation initiatives to support the growth strategy;
- adapting organisations to maintain quality of execution and pursuing operational excellence through a talent retention strategy.

In addition to Lagardère Paris Racing, the Group also owns the following significant business units:

- **Lagardère News**, which comprises *Paris Match*, *Le Journal du Dimanche*, advertising sales brokerage, licencing management for the Elle brand, Europe 1 and the French music radio networks (Virgin Radio and RFM).

  Amidst the Covid-19 pandemic, advertising spending turned upwards year-on-year in 2021 but still fell short of 2019 levels.

  While continuing to optimise costs across the business base, Lagardère News will pursue its core objectives in 2022, to express its identity and develop synergies, restore radio audience numbers, drive the faster digital transformation of its Press business, broaden the Elle branded business, grow the radio stations and diversify the revenue stream.

- **Lagardère Live Entertainment**, which is active in two segments:
  - producing concerts (Florent Pagny, -M-, Jean-Louis Aubert, Jacques and Thomas Dutronc, Kev Adams, etc.) and shows (*Salut les copains*, *Les Choristes*, etc.);
  - managing entertainment venues (Folies Bergère, Casino de Paris, Arkéa Arena and Arena du Pays d'Aix).

The live entertainment business was severely impacted by the Covid-19 pandemic and the health precautions mandated by the French government. However, as venues reopened, business gradually recovered over the second half of the year. This meant that the concert and live show production business was able to resume for artists under contract with Lagardère Live Entertainment. In addition, more than 200 performances were organised in the venues it manages.

Given the persistence of the health crisis, the outlook for 2022 is still uncertain. Nevertheless, as of late December 2021, there were many 2022 dates booked in Lagardère Live Entertainment venues and several tours by artists managed by the division were already scheduled.

1.4.1 LAGARDÈRE PUBLISHING

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

The world's third-largest Trade publisher for the general public and educational markets[1] (number one in France[2], number two in the United Kingdom[3], number three in Spain[4], and number four in the United States[5]), Lagardère Publishing is a federation of publishing companies with a large degree of editorial independence. They are united by common management rules, a concerted effort to expand in digital activities, a coordinated strategy in respect of the global distribution giants, and the same high standards required of the people appointed to positions of responsibility in each company.

Since its foundation in 1826, Hachette Livre has consistently sought to publish, sell and distribute high-quality innovative books that satisfy its readers' thirst for knowledge, culture and entertainment. The Company's employees, who contribute to the growth and ongoing success of the division, continue to pursue this goal.

Hachette Livre has a well-balanced, diversified portfolio (Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Board Games, Mobile Games, Distribution, etc.). Publishing is predominantly in the three main language groups: English, Spanish and French. The portfolio offers new bases for expansion by geographic area and business line, allowing Lagardère Publishing to capitalise on the most buoyant segments and the most dynamic markets.

The division's business model is based on its publishing/distribution value chain. Thanks to its highly reputed publishing houses and brand names, it is able to draw the fullest benefit from its close relationships with authors, the expertise of its sales force, the rigorous logistics organisation of its distribution network (leader in France) and the commitment of its highly trained employees.

The autonomy of the publishing houses, which are independent and fully responsible for their own creative processes and editorial decisions, encourages both creativity and internal competition. The large degree of autonomy that Hachette Livre allows each of its operating divisions is one of the key factors of its success, since each division of Lagardère Publishing forms a federation of small and medium-sized independent publishing houses with their own corporate culture and specific – not to mention unique – editorial tone.

Each publishing house is responsible for relations with its own authors. Excellent individual relationships enable publishers to control the copyright portfolio and offer seamless supply to the paperback sector. In France, they also give rise to merchandising opportunities.

Central management functions in turn enable Hachette Livre to devise an aligned strategy in digital technologies, negotiate from a better position with large accounts and suppliers, and leverage economies of scale.

These combined assets make Hachette Livre France's leading publishing group, ahead of competitors as Editis, Madrigall, Albin Michel and Média Participations. Hachette Livre ranks number one in the General Literature paperback market, and first in Youth Works and Illustrated Books, as well as in the traditionally more concentrated Textbook, Travel and Dictionaries segments.

Outside France, Hachette Livre conducts its business alongside competitors such as Pearson, Penguin Random House, Scholastic, Simon & Schuster, HarperCollins, Planeta and Holtzbrinck. In just a few years, it has succeeded in moving up from the thirteenth to the third position among private-capital publishers worldwide.

Most of its new publications are also published in France, the United Kingdom and the United States

[1] World publishing rankings prepared internally by Hachette Livre based on:
- the annual financial reports of the groups in question (most cases);
- rankings appearing each year in *Livres Hebdo* (rankings prepared with Rüdiger Wischenbart Content and Consulting, and generally used subsequently in partnership with *The Bookseller*, *Publishers Weekly* and *Buchreport*), and which are sometimes based on direct contacts with the groups in question (i.e., when annual financial reports are not available);
- the ranking, which takes into account private publishing companies in the Textbook market (excluding professional, and scientific, technical and medical publishing) and general interest (Trade).

[2] Source: data from the GfK survey panel in France and the education group of the French publishers association.

[3] Source: internal analyses based on Nielsen BookScan in the United Kingdom.

[4] Source: data from the GfK survey panel in Spain.

[5] Source: data from NPD BookScan in the United States.

in digital formats that are marketed in the form of e-books on every platform and, increasingly, as downloadable audiobooks. Hachette Livre has begun to diversify into Board Games and Mobile Games, to explore new, fast-growing entertainment territories.

A.1 In France[1]

General Literature comprises prestigious publishing houses such as Grasset, Fayard, Stock, Calmann-Lévy and Lattès. Each is prominent in a specific domain, but competes with the Group's other publishing houses and with rival publishing groups' brands. Le Livre de Poche, which releases paperback reprints for all of the division's publishing houses, as well as for many non-Group publishers, is today France's leading source of General Literature paperbacks. Lastly, Audiolib publishes audio books in CD and digital formats.

Hachette Illustré covers the entire range of Illustrated Books. It is number one in France for both Lifestyle (Hachette Pratique and Marabout) and Travel guides (Hachette Tourisme and Le Routard). Hachette Illustré is also number one in the high-quality illustrated book market with three prestigious publishers, Editions du Chêne, EPA and Hazan, and in Youth Works (Hachette Jeunesse Disney, Hachette Jeunesse, Hachette Romans, Deux Coqs d'Or, Gautier-Languereau and Le Livre de Poche Jeunesse). Hachette Livre boasts valuable editorial assets in this market, including characters such as Asterix, Babar, Noddy and Fantômette.

In Textbooks, Hachette Livre is the leading publisher in France[2] thanks to Hachette Éducation and the Alexandre Hatier group and, following its acquisition in 2020, Le Livre Scolaire. These entities include such reputed publishers as Hachette, Hatier, Didier and Foucher and other strong brands (Bled, Bescherelle, Passeport, Littré and Gaffiot), enabling Hachette Livre to occupy a leading position on the extra-curricular book segment.

In Reference and Dictionaries, famous assets include the Larousse, Hachette and Harrap's brands. Hachette Livre is number one in France for both monolingual and bilingual dictionaries. With its international reputation, Larousse generates around 25% of its revenue outside France, and is particularly well established as a brand in Spanish-language books.

The Academic and Professional division includes Dunod-Armand Colin, the leader in France's higher education market. In 2021, the acquisition of French publisher Maxima expanded the division's market coverage in books about business (management, marketing, finance, etc.), private wealth management (estate planning, stock market investing, etc.) and business-related self-help.

Distribution for Hachette Livre and other non-Group publishing houses under exclusive contracts is carried out through a distribution network managed from the national centre in Maurepas. Hachette Livre handles around 245 million copies per year and supplies more than 15,000 bookshops, online booksellers, speciality stores, newsagents, news stands and supermarkets in France, while at the same time providing a high level of service with deliveries to booksellers in 24 or 48 hours. Hachette Livre Distribution, the number one distributor in France, also operates in Belgium, Switzerland and French-speaking Canada.

A.2 Outside France[3]

In 2021, Hachette UK was the United Kingdom's second-largest publisher, with 13.3%[4] of the print Trade book market through nine divisions: Octopus for Illustrated Books; Orion; Hodder & Stoughton; John Murray Press; Headline; Little, Brown; Quercus and Bookouture for General Literature; and Hachette Children's Group in the Youth Works segment.

These divisions and their brands have also enabled Hachette Livre to develop operations in Australia, New Zealand, Ireland, India, Singapore and the English-speaking Caribbean.

Hachette Livre is also a key player in the textbook market with Hodder Education, which ranks second in the market.

Lastly, Hachette Livre has a distribution business in the United Kingdom and, since 2019, an automated warehouse in Didcot (Oxfordshire).

Hachette España is the third-largest publisher in Spain and ranks as the leading publisher of

[1] Hachette Livre's competitive positions reflect data provided by the GfK panels to which the division subscribes.
[2] Source: internal estimates.
[3] Source: internal data, based on Nielsen BookScan in the United Kingdom, data from the GfK panel in Spain and NPD BookScan in the United States.
[4] Source: Nielsen.

textbooks through Anaya and Bruño. These two publishing houses are key players in the Education market, as well as in the extra-curricular books, General Adult Literature and Youth Works segments. It is also very well established in Spanish speaking markets through its Larousse, Anaya, Bruño, Alianza, Algaida, Barcanova, Xerais and Salvat brands. In Mexico, Hachette Livre is one of the leading textbook publishers, under the Larousse and Patria brands.

In the United States, Hachette Book Group is the fourth-largest Trade book publisher thanks to imprints such as Grand Central Publishing, Little, Brown and Company, as well as Little, Brown Books for Young Readers in the Youth Works segment, FaithWords and Worthy Books in the religious segment, Orbit in science fiction, Perseus in non-fiction, Mulholland in crime fiction, etc. In 2021, the acquisition of Workman Publishing, a speciality publisher of youth works, illustrated books and non-fiction, strengthened Hachette Book Group's position in high-potential segments that fit well with the catalogues of the division's other imprints.

Hachette Livre also has distribution operations in the United States.

Partworks are published by the Hachette Collections division, and are sold per issue in news stands and by subscription. The Hachette Collections division has expanded internationally: Partworks are now published in 16 languages and 37 countries through subsidiaries based in France, the United Kingdom, Italy, Spain, Poland, Japan and Russia. This activity's marketing skills and capacity to create new products rigorously tested for compatibility with each market have made it the world leader, and a driving force behind Hachette Livre's overall performance.

Worldwide, Hachette Livre is represented either directly or indirectly in more than 70 countries across its various business lines and its 200 brands.

B) OPERATIONS DURING 2021

Contribution to consolidated revenue in 2021: €2,598 million (versus €2,375 million in 2020).

Breakdown of revenue by activity

	2021	2020
Education	**12.5%**	13.6%
Illustrated Books	**17.1%**	14.0%
General Literature	**41.8%**	44.7%
Partworks	**11.4%**	11.2%
Other (including Reference and Distribution)	**17.2%**	16.5%
Total	**100%**	100%

Breakdown of revenue by geographic area

	2021	2020
France	**29.6%**	27.9%
United Kingdom	**17.3%**	18.0%
United States	**25.4%**	26.5%
Spain	**5.2%**	5.5%
Other	**22.5%**	22.1%
Total	**100%**	100%

The global publishing market enjoyed sustained growth in every geographic area in 2021, with particularly buoyant demand in such segments as Youth Works and Illustrated Books.

In France, where the market ended 2020 down slightly after a first half impacted by strict lockdown measures and a robust rebound as from June, demand rose by a vibrant 22.1%[1] in value in 2021 and ended the year 19.9%[1] ahead of 2019.

Growth in Spain was more mixed, with sluggish demand in Education due to the lack of curriculum reform during the year and faster momentum in the Trade market, led by strong sales of Youth Works and graphic novels. Overall, the market ended the year up 16.3% in value.

In the English-speaking markets, print book sales rose by 3.6%[2] in the United Kingdom and by 8.9%[3] in the United States, with sustained growth in online sales. Downloadable audiobooks also pursued their robust growth, while e-book sales, which had soared during the lockdowns in 2020, flattened out during the year, especially in the United States.

Against this backdrop, Lagardère Publishing reported revenue of €2,598 million, up 9.4% as reported and 8.1% like-for-like, and recurring operating profit of €351 million, up 43%. The division's leading positions in fast-growing market segments, combined with major best-sellers, enabled it to capture favourable market trends in every geographic area. In addition, cost discipline and a favourable sales mix helped to improve division margins.

Lagardère Publishing is pursuing the same strategy built on nine core objectives:

1) constantly explore new growth opportunities by making the high value-creating acquisitions needed to maintain the division among the top-ranking publishing groups worldwide, which is an essential advantage conferring extra influence in negotiations with major customers. These acquisitions may also extend to related segments such as Board Games, in a commitment to reaching consumers who are shifting from books to other forms of entertainment;

2) spread risks across a significant number of markets and market segments to smooth the cyclical effects specific to each one;

3) concentrate acquisitions and the creation of new subsidiaries in countries belonging to language areas that offer critical mass in terms of potential markets;

4) offer publishing subsidiaries broad editorial independence to foster creativity, rapid response and team motivation, and therefore the ability to attract and retain the talented people who are the foundation of the division's organisation and success. This talent is what enables our publishers to discover, support and successfully develop the work of their authors;

5) actively seek out international bestsellers able to attract an extensive readership in all of the division's markets;

6) manage distribution both as a cost centre and a strategic link in the book value chain, in all of the division's markets;

7) continue to invest heavily in digital technologies to understand and satisfy authors, booksellers and readers more effectively;

8) selectively invest in high-growth markets;

9) an ambitious CSR strategy aimed at promoting a more ecological and inclusive development model.

B.1 In France

In France, the business recorded strong growth in 2021 across all segments except Education.

Hachette Éducation, the Alexandre Hatier group and Le Livre Scolaire suffered from the lack of curriculum reform during the year and a decline in demand for extra-curricular works, primarily due to the cancellation of final baccalaureate exams. Note, however, that the Alexandre Hatier group's Youth Works publishers Rageot and Didier Jeunesse delivered solid gains, led by a number of best sellers in a buoyant market.

The Illustrated Books segment reported record high revenue in 2021, lifted by the release of a new Asterix album (*Asterix and the Griffin*) in October and by rising demand coupled with major best sellers. The Lifestyle imprints made a strong

[1] Source: GfK (by value).
[2] Source: Nielsen BookScan (by value).
[3] Source: NPD BookScan (by volume).

contribution to revenue growth, thanks to best sellers and sustained cookbook sales. This was also the case for manga, which benefited from the success of the *Attack on Titan* series and, more broadly, a very favourable market dynamic, driven in part by the wider distribution of Culture Pass vouchers in the spring.

Larousse also reported higher revenue, with a sharp gain in the Lifestyle segment supported by strong sales of influencer titles (including *T12S – Transformation 12 semaines*) and the continued popularity of cookbooks.

Lastly, General Literature continued to grow following an already exceptional performance in 2020. Over the year, Le Livre de Poche's paperback sales rose to record heights and Audiolib saw an increase in downloads of its audiobooks. Large-format publishers also enjoyed higher revenue, particularly Grasset with the success of Delphine Horvilleur's essay *Vivre avec nos morts* and Laetitia Colombani's new novel *Le cerf-volant*. In addition, Stock had a good year-end with the success of Clara Dupont-Monod's *S'adapter*, which won three awards (*Prix Goncourt des lycéens*, *Prix Femina* and *Prix Landerneau des lecteurs*). After the release of two titles by Guillaume Musso in 2020, Calmann-Lévy's revenue was stable in 2021, which saw the publication of Laurent Gounelle's new novel, *Intuitio*, and the success of Guillaume Musso's latest, *L'inconnue de la Seine*. Similarly, Lattès capitalised on E.L. James's new novel, *More Grey*, and the success of *Impressions et lignes claires*, the political essay by Édouard Philippe and Gilles Boyer. Conversely, Fayard saw revenue decline from 2020, when it was boosted by the publication of the French translation of the first volume of Barack Obama's memoirs, *A Promised Land*.

B.2 Outside France

United States

Hachette Book Group (HBG) reported a 3.7% increase in revenue in 2021, excluding the impact of consolidating Workman Publishing.

Business at Orbit and Little, Brown Books for Young Readers declined during the year due to the lack of best-sellers on a par with those released in 2020 (*The Witcher* and *Midnight Sun* respectively).

However, the other imprints reported growth thanks to a dense release schedule at Grand Central Publishing (with titles by singer Billie Eilish, Admiral William H. McRaven and actor Jamie Foxx), at Little, Brown and Company (with the release of *The President's Daughter*, the second novel co-written by Bill Clinton and James Patterson) and at religious imprint FaithWords. In addition, after being heavily impacted by the health crisis in 2020, Perseus enjoyed a rebound in business led by strong sales of backlist titles and a decline in returns.

The year also saw the acquisition in late September of Workman Publishing, a speciality publisher of youth works, illustrated books and non-fiction.

Lastly, sales of downloadable audio books declined by 7% in 2021. This was attributable to the unfavourable comparison with an exceptionally strong 2020, when successive lockdowns spurred demand for digital formats and certain titles enjoyed unprecedented success in audio format (notably *The Witcher* saga by Andrzej Sapkowski and *Talking to Strangers* by Malcolm Gladwell). Similarly, e-book sales fell by an even steeper 21% for similar reasons, plus declining demand.

United Kingdom and the Commonwealth

After an excellent 2020, Hachette UK delivered a record year in 2021 with like-for-like growth of 2.5% in a Trade print book market up 3.6%[1].

The gains primarily stemmed from (i) strong Youth Works sales at Hachette Children's Group, led by the success of backlist titles in Leigh Bardugo's *Grisha* saga (which was developed into a Netflix series), and (ii) the publication of a new J. K. Rowling title in a buoyant market. Overseas sales also rose during the year, particularly in Australia, where they had been dampened by the drastic lockdown measures in 2020. The Adult Trade imprints turned in a more mixed performance, with Orion hurt by the lack of any best-sellers on a par with *The Witcher* in 2020, but robust growth at John Murray Press, thanks to the success of Billy Connolly's autobiography, *Windswept & Interesting*, and at Hodder & Stoughton, supported by the sustained growth in backlist sales.

Following a 2020 impacted by prolonged school closures, the Education segment also rebounded on firm demand during the assessment period when schools reopened in spring 2021. Lastly, the business was strengthened during the year by the

[1] Source: Nielsen BookScan (by value).

acquisition of two textbook publishers, Illuminate Publishing and John Catt Educational.

Sales in the Digital business were mixed, with audiobooks gaining 12% but e-books sliding 6.4% after a 2020 that amid hard lockdowns was very favourable to the format.

Spain and Latin America

Sales in Spain rose over the year, buoyed by sustained demand in General Literature, which benefited from Bruño's release of a new Asterix album. In addition, all the Trade imprints reported higher revenue. Lastly, the final quarter saw the creation of a new Commercial Fiction imprint, Contraluz, which will strengthen the Spanish organisation's positioning in the Trade segment.

Business in the Education segment was generally sluggish year-on-year due to the absence of any curriculum reform and a certain amount of buyer hesitation following enactment of the Ley Orgánica de Modificación de la Ley Orgánica de Educación (LOMLOE), which provides for curricula reforms beginning in 2022.

In Latin America, after a first half shaped by a steep decline in business and an upsurge in returns during the prolonged school closures, a gradual recovery in the second half enabled Larousse Mexico and Patria to end 2021 in growth. In addition, the organisation was rationalised with the goal of positioning it more effectively to seize the growth opportunities offered by the market.

Partworks

Following a 2020 impacted by the health crisis in every geographic area and by Presstalis' difficulties in France, Partworks sales improved strongly over the year, with revenue gains in France, Japan and Latin America.

Board Games

The Board Games business enjoyed strong growth in 2021, driven by its best-sellers, the segment's unflagging public popularity and the gradual expansion of the catalogue at Hachette Studios, which was created in late 2019 with Funnyfox and Studio H and joined in early 2021 by the Sorry We Are French studio.

In addition, 2021 marked a new phase in the unit's development with the acquisitions of Le Scorpion Masqué (Canada), Hiboutatillus (publisher of the *Blanc-manger Coco* game in France) and a minority stake in Canada-based Randolph.

B.3 Objectives and achievements in 2021

In 2021, given the lack of curriculum reforms in every geographic area, Lagardère Publishing expected Education imprint sales to contract in an uncertain health and economic environment, but with the decline cushioned by the release of a new Asterix album.

These expectations were amply exceeded, however, thanks to the sharp upturn in demand, a number of major best-sellers, disciplined business management and strict cost control. In every country, Youth Works imprints experienced strong growth, driven by fast-growing demand and a dense release schedule. In addition, General Literature rolled out a promising schedule that proved highly successful with readers, while benefiting from strong sales of backlist titles (lifted in part by TV and cinema adaptations).

Partworks, in which Lagardère Publishing is the world leader, also demonstrated the resilience of their business model and their ability to rebound after a 2020 impacted by the global health crisis.

Lastly, the merits of diversifying into board games were clearly evidenced when the division delivered organic growth of 25% in 2021.

Consolidated recurring operating profit rose by a steep 43% or €105 million to a historically high €351 million, impelled by the growth in business, a more profitable sales mix, a decline in the return rate in all geographic areas and disciplined cost management. Margins improved in every country, particularly in the Trade imprints.

C) OUTLOOK

After a 2021 that was exceptional in many ways, Lagardère Publishing expects that 2022 will be shaped by a new round of curriculum reforms in Spain, but also by the absence of a new Asterix album. In addition, while it is difficult to predict market dynamics after two unusual years, the division will maintain its management discipline, while allowing its editorial teams complete creative freedom and standing ready to seize opportunities in every segment and every geographic area.

At a time of inflationary pressure on raw materials, printing, wages and other costs, Lagardère

Publishing will also continue to diligently manage its business with a focus on securing the operating performance of all its units.

Lastly, the division will pursue its strategy of targeted acquisitions in its core publishing business, along the lines of the transactions completed in 2021 (Workman Publishing in the United States and Illuminate Publishing and John Catt Educational in the United Kingdom), as well as in adjacent growth markets with business models similar to book publishing, such as board games and stationery.

1.4.2 LAGARDÈRE TRAVEL RETAIL

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

With operations in 40 countries on five continents, Lagardère Travel Retail is a global industry leader.

At year-end 2021, the division directly operated 4,802 stores contributing to its consolidated revenue stream. The geographic breakdown is as follows: 3,534 in Europe, Middle East and Africa, 526 in Asia-Pacific and 742 in the Americas.

Lagardère Travel Retail, whose strategy is to become the leading travel retail and foodservice operator for passengers, and the preferred partner for licencors in every market segment, operates in transit areas and concessions in three business segments:

- Travel Essentials;
- Duty Free & Fashion;
- Foodservice.

And in four geographic areas:

- France;
- EMEA, which covers Europe other than France and business developments in the Middle East and Africa;
- ASPAC, which covers the Asia-Pacific region;
- the Americas, which includes operations in North America (the United States and Canada) and South America (Peru and Chile).

Travel Retail is one of the most attractive niches in retailing along with e-commerce. In the past few years, the market has undergone profound change, globalising, integrating, consolidating and becoming more sophisticated.

Despite prevailing conditions, Lagardère Travel Retail is stepping up its expansion in this segment by:

- leveraging its current positions to increase effectiveness and brand awareness;
- expanding its concepts and commercial offerings in all markets;
- building on unique competitive positioning through its expertise in three business segments;
- intensifying its organic growth, particularly in the most dynamic markets, led by business development and contract renewals. Compelling examples in 2021 include:
  - EMEA
    - Italy: award of the Duty Free concession at the Naples airport (fifth highest passenger traffic among Italian airports in 2019) and opening of a Relay store at Milan Central train station. In addition to these gains, Lagardère Travel Retail's presence in Italy was further broadened with the opening of new Duty Free stores at the Catania airport and of the world's largest Aelia Duty Free store, covering nearly 3,000 sq.m. in the new Hub East Schengen zone terminal at Rome-Fiumicino airport.
    - Austria: renewal and extension of existing Foodservice concessions and award of the concession for Travel Essentials stores in the Vienna Airport, operated under the Relay brand starting in June 2023.
    - The Netherlands: tender win for several Travel Essentials stores with deployment of the Relay brand in railway stations.
    - Iceland: extension of the Foodservice concession at Keflavík International Airport.
    - Africa: start-up of operations in new countries with the signing of a Duty Free concession at Dar Es Salaam Airport (Tanzania) and the award of the Duty Free and Foodservice operations in Nouakchott (Mauritania) and Banjul (Gambia) airports.
  - Asia-Pacific
    - China: the award of Fashion, Watches & Jewellery, and Perfumes & Cosmetics concessions both in new airports, in Chengdu, Qingdao and Zhuhai, and in

existing host airports, such as Beijing, Nanjing and Chongqing.

- Japan: sustained deployment of the "Made in Pierre Hermé" concept.

- Americas

  - North America: a large number of contracts for extensions and additional space were successfully negotiated with concession grantors, such as Southwest Florida (12 existing stores and seven new locations) and Columbus (seven stores). In addition, 18 other contracts (of which Portland is the largest) were extended for an average of three years.

  - South America: tender wins in Duty Free & Fashion at the Lima airport in Peru (three stores with a total surface area of 3,028 sq.m.) and in Foodservice at the Santiago airport in Chile (18 locations with a total surface area of 3,376 sq.m).

In a still consolidating market, Lagardère Travel Retail is now the fifth-largest travel retail operator[1] 1 (second-largest worldwide in airport travel retail) and the biggest operating across the three business segments (Travel Essentials, Duty Free & Fashion and Foodservice). As such, Lagardère Travel Retail:

- runs the largest international network of stores dedicated to Travel Essentials;

- is the European leader[2] in the Travel Retail Fashion segment;

- is the fourth-largest[3] operator in airport Core Duty Free;

- is the fourth-largest[4] Foodservice operator in transit areas worldwide.

The network includes the following stores operated:

- under its own banners:

  - with a global footprint, such as Relay, Hubiz, 1Minute, Hub Convenience, Discover, Tech2go, Aelia Duty Free, The Fashion Gallery, The Fashion Place, Eye Love, So Chocolate, Bread&Co., Hello!, So! Coffee, Trib's, Vino Volo, Natoo, etc., or

  - with a strong local identity, such as BuY Paris Duty Free, Casa Del Gusto and The Belgian Chocolate House;

- under franchise or licence, with retail partners such as TripAdvisor, Fnac, iStore, Marks & Spencer, Hermès, Victoria's Secret, Nespresso, Costa Coffee, Burger King, Dean & DeLuca, Eric Kayser and Paul.

[1] Source: Moodie Report, 2019 data (prior to the Covid-19 epidemic); Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com), which is recognised as a reference in the industry, regularly publishes changes in the market share of Travel Retail operators.

[2] Source: Moodie Report, 2019 data (prior to the Covid-19 epidemic); Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com), which is recognised as a reference in the industry, regularly publishes changes in the market share of Travel Retail operators.

[3] Source: Moodie Report, 2019 data (prior to the Covid-19 epidemic); Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com), which is recognised as a reference in the industry, regularly publishes changes in the market share of Travel Retail operators.

[4] Source: Moodie Report, 2019 data (prior to the Covid-19 epidemic); Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com), which is recognised as a reference in the industry, regularly publishes changes in the market share of Travel Retail operators.

a) World leader in Travel Essentials[1]

With the Relay, Hubiz, 1Minute and Hub Convenience stores, as well as local banners, Lagardère Travel Retail currently runs the world's largest international network of travel essentials stores located in transit hubs, including in nearly 165 international airports. The segment counted 2,928 stores worldwide at the end of 2021.

Of these stores, 366 are operated by a network of franchisees in countries such as Belgium, Hungary, China, India, Pakistan, the United Arab Emirates and Cambodia.

Carrying a full range of travel essentials, the new Relay concept is designed to offer every traveller a suitable selection of what they need to facilitate and enhance their journey. The merchandise offering is built around five major product categories: food, reading materials, gifts and souvenirs, travel items and children.

In train stations and airports, Lagardère Travel Retail also operates a large number of stores selling electronic devices under the Fnac, iStore, Tech2go and eSavvy names.

Lastly, Lagardère Travel Retail is a souvenir store operator with the international Discover concept, as well as Air de Paris and other local brands related to concessions (Eiffel Tower, Sydney Opera House, etc.).

Competition in the sale of commodity products in transit areas, which was previously local, is becoming global. Dufry, for example, operates in 65 countries; WH Smith in 30; HMSHost (Autogrill) is primarily present in North America and 31 other countries, SSP has operations in 33 countries, Areas in 13; and Valora operates mainly in Germany, Austria, Switzerland, Luxembourg and the Netherlands.

b) A top player worldwide in Duty Free & Fashion

Lagardère Travel Retail also designs and operates stores that cover the classic categories of alcohol, tobacco, perfume, cosmetics and gastronomy, as well as specialised concepts:

- under its own store names including Aelia Duty Free, BuY Paris Duty Free, So Chocolate, The Fashion Gallery, etc.; or
- through licences for international brands including Hermès, Longchamp, Hugo Boss, Ferragamo, Victoria's Secret, etc.

In recent years, Lagardère Travel Retail has deepened its European presence in transit hubs Fashion sales[2], led by successful bids in Geneva, Switzerland, the Netherlands, the Avancorpo terminal at Rome-Fiumicino airport in Italy and Toulouse airport in France.

Aside from Lagardère Travel Retail, the leading duty-free and speciality retailers in transit locations are Dufry, DFS (LVMH), CDFG, Lotte and Heinemann.

c) Fast-growing operator in Foodservice

Lagardère Travel Retail operates 1,099 Foodservice points of sale (of which eight through a network of franchisees) in 23 countries, including France, the Czech Republic, Poland, Italy, Austria, Iceland, the Netherlands, North America and Gabon:

- under its own store names, with So! Coffee, Bread&Co., Trib's, Vino Volo, deCanto, Natoo, Smullers, etc.;
- through concepts tailored to meet the specific needs of licencors and locations: La Plage and Pan Garni at Nice-Côte d'Azur airport, Loksins Bar at Keflavik airport (Iceland), Bar Symon at the Pittsburgh airport (United States), etc.;
- under franchise agreements with major international brands including Starbucks, Costa Coffee, Prêt à Manger, Burger King, Ajisen Ramen, Eric Kayser, Paul, Dean &

[1] Source: Moodie Report, 2019 data (prior to the Covid-19 epidemic); Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com), which is recognised as a reference in the industry, regularly publishes changes in the market share of Travel Retail operators.

[2] Source: Moodie Report, 2019 data (prior to the Covid-19 epidemic); Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website (www.moodiereport.com), which is recognised as a reference in the industry, regularly publishes changes in the market share of Travel Retail operators.

DeLuca, etc., or local brands such as SumoSalad, Java U, etc.

As such, this broad portfolio, balanced between brands designed specifically for Travel Retail and those operated through partnerships with leading brands offering unique and differentiating customised concepts, allows Lagardère Travel Retail to cover all the specific needs of its B2B and B2C customers with diversified and innovative product offerings.

The operational excellence demonstrated by Lagardère Travel Retail in Foodservice, together with a customised approach for each platform and skilful responses to tenders are major assets when bidding for new concessions in an environment where licensors worldwide are constantly raising the bar.

B) OPERATIONS DURING 2021

Contribution to consolidated revenue in 2021: €2,290 million (versus €1,720 million in 2020).

Breakdown of revenue by activity

	2021	2020
Travel Essentials	**43.6%**	43.8%
Duty Free & Fashion	**34.7%**	34.7%
Foodservice	**21.7%**	21.5%
Total	**100%**	100%

Breakdown of revenue by geographic area

	2021	2020
France	**18.7%**	19.9%
Europe (excluding France), Middle East and Africa	**38.6%**	43.4%
Americas	**30.1%**	24.0%
Asia-Pacific	**12.6%**	12.7%
Total	**100%**	100%

Lagardère Travel Retail's revenue increased by 33.1% as reported and by 34.3% like-for-like in 2021.

During the year, despite a firm, steady recovery led by the United States and China, the division's host regions were impacted by government-mandated travel restrictions in response to the on-going Covid-19 health crisis. Airport points-of-sale were hit harder than other locations in which Lagardère Travel Retail operates, such as rail stations and town centres.

The Travel Essentials business accounted for 43.6% of consolidated revenue in 2021, versus 43.8% in 2020 (37.8% at end-2019), attesting to the segment's resilience during the crisis, particularly in tobacco and other regulated products.

The contribution from the Duty Free & Fashion business stood at 34.7% of the consolidated total, on a par with 2020 and down from 39.7% in 2019, as international passenger traffic remained as restricted in 2021 as in 2020.

Lastly, the Foodservice business represented 21.7% of consolidated revenue for the year, versus 21.5% in 2020 and 22.5% in 2019.

B.1 Covid-19

Since March 2020, the Covid-19 health crisis has caused a severe contraction in business across the travel and tourism industry.

After rising 6.3% in 2018 and 2.9% in 2019, worldwide air traffic plummeted in 2020 and 2021, by 63.7% and 56.1% respectively compared with 2019. This impact played out in several different ways in 2021:

- traffic continued to decline in the first quarter, by 67% on 2019 and 58% on 2020, in line with the pandemic-driven trend since April 2020;
- thanks to the vaccination campaigns that got under way earlier in the year, traffic then turned upwards in the second quarter, despite the emergence of the Delta variant, with a 57% decline on 2019 and a 277% gain on 2020;
- the rebound continued into the third quarter, with traffic down 46% on 2019 and up 85% on 2020;
- lastly, the final quarter also saw growth in traffic despite the spread of the Omicron variant in December.

In response, Lagardère Travel Retail pressed ahead with the action plans implemented in 2020 to protect its customers and employees, while pursuing the plan to preserve earnings and cash that limited the negative impact of the decline in revenue on operating profit to 11.8%.

The main measures focused on overheads, which were reduced by just over €560 million by:

- renegotiating the contractual terms of concessions (cancelling fixed lease payments, reducing variable payment rates, deferring due dates);
- reopening selected stores and adjusting opening hours in liaison with concession grantors, depending on the pace of recovery in passenger traffic;
- ensuring a balance between furloughing, where such schemes were financed by local authorities, and redeploying staff in stores or local headquarters to support the recovery.

B.2 France

Division revenue in France rose by 25.7% year-on-year, thanks to the loosening of government travel restrictions, but remained 55.4% down on 2019, primarily due to the ongoing international air traffic bans. Non-airport businesses also enjoyed solid growth, albeit at a slower pace (up 13.3% on 2020 and down 46.9% on 2019) given that rail station traffic (mainly domestic) was slightly less affected by travel restrictions in 2020.

As demand gradually recovered, the Travel Essentials network delivered a 20.8% increase in revenue year-on-year (down 51.9% on 2019) and increased growth in the rail station network to 17.6% compared with 2020 (down 44.0% on 2019). However, the upturn in business was slower at the Eiffel Tower and other tourist destinations, which remained closed for a longer period (up 13.0% year-on-year and down 69.5% on 2019).

The Foodservice segment grew by 13.1% versus 2020 (down 46.4% on 2019), of which 36.4% yea-on-year in transit hubs (up 38.3% in airports and 36.3% in rail stations) and 5.9% year-on-year in the hospital network, which was less impacted in 2020.

The Duty Free & Fashion business drove a 37.6% increase in revenue over the year (down 60.7% on 2019), with air traffic in Paris rebounding 26.8% year-on-year (down 61.2% on 2019). The regional hubs also saw a rebound in air traffic (up 37% at Nice-Côte d'Azur).

B.3 Europe, Middle East and Africa (EMEA – excluding France)

Business in the EMEA region (excluding France) remained subdued in 2021, in line with 2020 trends. Revenue ended the year down 48% on 2019 as the more virulent Delta variant prolonged the health crisis and its direct impacts in the first half, including the collapse in air traffic, border closures, the inability of EU countries to coordinate restriction policies, and the enforcement of strict and/or partial lockdowns. Nevertheless, as vaccination programmes in Europe spurred a recovery in traffic late in the second quarter, revenue improved over the year, for an 18.8% gain compared to 2020.

Operations in **Italy** reported revenue up 27% year-on-year (down 70% on 2019). In 2021, the Duty Free business remained the hardest hit by the international travel doldrums, as seen in the 70% decline in passenger traffic at Rome-Fiumicino airport since end-2019, and by the weaker recovery in intra-European traffic over the first half due to the Delta variant. However, while Duty Free ended the year down 76% on 2019, during the summer, a clear recovery was observed at regional airports as vaccination campaigns gained momentum in Europe. The Travel Essentials and Foodservice businesses fared better thanks in particular to their rail station and motorway outlets, which enjoyed stronger domestic footfall. Their aggregate revenue rose by 30% year-on-year but remained 60% down on 2019.

Sales fell 58% year-on-year in the **United Kingdom** (down 55% versus 2019), due to more stringent travel restrictions (border closures and tighter lockdowns) than in other European countries. The decline was partially cushioned by the change in customs rules in the wake of Brexit.

In **Belgium**, which was also heavily impacted by the pandemic, the upturn in European air traffic in the third quarter helped to drive a 15% increase in Duty Free revenue for the year. However, pro forma revenue was still down 65% on 2019 due to the anaemic air traffic at Zaventem airport (up 39% on 2020 and down 65% on 2019) following the travel restrictions introduced by Belgian authorities in first-quarter 2021.

Sales in the **Netherlands** contracted by 3% versus 2020 and by 64% versus 2019 due to the steep drop in Chinese, Russian, American and other international passengers at Schiphol airport, with 2021 traffic representing just 36% of the 2019 total. The Foodservice activity was also hard hit by the decline in railway passenger footfall caused by the increase in working from home and the implementation of health restrictions (masks, shorter opening hours).

While also impacted by the health crisis over most of the year, operations in **Central Europe** were supported by a more resilient non-airport business.

Business edged up 3% year-on-year in **Germany**, but remained 50% below 2019 due to the sluggish recovery in air traffic and the restrictions that impacted the opening of new Foodservice outlets over the year.

In **Poland**, consolidated revenue improved by 8% year-on-year in 2021 (down 57% on 2019). Led by the resilience in domestic travel, Duty Free revenue rose by 22% year-on-year, but was 59% short of 2019 due to the sharp drop in traffic with the United Kingdom as health conditions worsened and the Delta variant swept through the UK. Revenue in the Travel Essentials and Foodservice businesses was flat for the year (up 2%), as a large number of restrictions remained in effect over the first half, particularly in Foodservice. Although sales in non-transit hub stores held up, aggregate revenue from the businesses still ended the year 55% down on 2019, as people switched from trains and subways to their cars.

Revenue in the **Czech Republic** increased by 7% year-on-year but declined by 47% versus 2019 due to the 73% plunge in air traffic at the Prague airport since end-2019. Nevertheless, Travel Essentials stores and Foodservice points-of-sale in train and metro stations showed greater resilience thanks to assortments more closely aligned with their local markets.

Business in **Romania** grew by 29% year-on-year and even slightly exceeded 2019 levels, by 4%, thanks to the performance of the shopping mall network and the solid momentum in tobacco sales, with a strong rebound during the summer season.

With a 15% year-on-year gain in 2021, revenue in **Bulgaria** also moved back in line with 2019, with a 3% increase led by tobacco sales in the Travel Essentials network following a rebound in traffic.

Revenue for the Foodservice business in **Iceland** grew 41.0% year-on-year but still lagged 68% behind 2019 as the lingering health crisis continued to seriously weigh on performance.

In **Africa**, operations in Senegal and Gabon enjoyed a strong recovery, with revenue gaining 66% year-on-year to end just 8% down on 2019. The year also saw new business ventures start up in Tanzania, Mauritania and The Gambia.

Lastly, in the **Middle East**, revenue ended 2021 up 39.7% year-on-year (down 15.5% on 2019), thanks to a solid performance in Dubai (up 24%) and Saudi Arabia (up 48.0%) due to the fast recovery in air traffic.

B.4 Asia-Pacific

More than elsewhere, business in the **Asia-Pacific** region was particularly impacted by the extremely radical political decisions restricting both international and domestic travel as a result of the Covid-19 pandemic. With local authorities long focused on a zero-Covid strategy and prolonged lockdowns, Australian and New Zealand borders, as well as state and territory borders in Australia, remained closed for most of 2021. In late summer 2021, however, the governments announced a change of course, with a new strategy, contingent on stepping up the pace of vaccination, that led to a gradual reopening of domestic borders at year-end. As a result, revenue was down 84% on 2019 and 39% on 2020.

In **Singapore** and **Hong Kong**, which are almost exclusively international hubs, traffic slowed to a trickle throughout 2021, pushing revenue down by 93% and 72% (excluding Hainan) on 2019 and by 65% and 11% on 2020, respectively.

At the end of 2020, Lagardère Travel Retail opened the second largest Duty Free shopping centre on **Hainan**, in partnership with Hainan Tourism Investment Development (HTI). The division supplies HTI with various categories of merchandise and is involved in operating the 30,000 sq.m. of retail space on five floors. In 2021, the increase in business helped to deliver revenue of €20 million for the year.

Despite the enforcement of temporary traffic restrictions in a number of regions during the year following the emergence of new clusters, operations in **China** continued to grow, driving gains of 97% on 2019 and of 67% on 2020. Growth was led by the openings in the Chengdu, Qingdao, Sanya and Zhuhai hubs, the award of additional concessions in Shanghai Hongqiao, Nanjing and Daxing, and the full year impact of the 2020 openings. Due to the ongoing health situation, the business continued to leverage the new retail channels developed during the crisis, such as online live stream shopping, where the product is presented and tried live on social media, and customers purchase with a click. In addition, a strategic partnership was formed with JD.com, which acquired a stake in Lagardère Travel Retail Asia in September 2021, alongside two other financial investors. The support of these new partners, which together own 23.5% of the share capital, will help to significantly accelerate the division's business development in Asia and the growth in multi-channel sales.

Lastly, while severely impacted by the Covid-related closures and restrictions in 2021, the division continued to expand in **Japan** with the opening of eight outlets and reported a 435% year-on-year increase in revenue.

B.5 Americas

In 2021, revenue in **North America** ended the year down 35.3% on 2019 as reported and down 31.7% like-for-like, mainly due to the health crisis and the attendant lockdowns, curfews and other precautionary measures. Compared with 2020, revenue in the region climbed a steep 66.8% as reported and 72.5% like-for-like, lifted by operations in the **United States**, which enjoyed a 72.6% gain on the previous year. Beginning in the second quarter, the upturn was supported by the robust rebound in domestic travel following the speedy, successful mass vaccination campaign and the surge in leisure travel after a year of restrictions, particularly to Florida, the West Coast, the mountain regions and other holiday destinations. Business travel also began a timid recovery. In addition, the region resumed its business development drive with the opening of new outlets over the year, including three in Oklahoma City, two in Myrtle Beach, two in Salt Lake City and two in Fort Lauderdale.

Operations in **Canada**, which are more exposed to international flights and border closures, remained deeply impacted in 2021, with revenue declining 6.6% versus 2020 and 73.9% versus 2019.

2021 revenue over the region as a whole broke down as follows among the various segments: Travel Essentials 64%, Duty Free & Fashion 5% and Foodservice 31%.

In 2021, Lagardère Travel Retail also entered the South American market with the win of two tenders in the first half, at Santiago airport in Chile (Foodservice) and at Lima airport in Peru (Duty Free & Fashion under a profit-sharing arrangement). Operations began in January 2022.

B.6 Objectives and achievements in 2021

The main objectives for 2021 were as follows:

- continue renegotiating contractual terms with concession grantors as traffic resumes;
- diligently manage and optimise cash flow, inventory and other working capital items;
- adapt organisations while maintaining quality of execution and operational excellence;
- keep pace with the recovery and spur the division to emerge from the crisis as a faster, stronger, more agile organisation, in particular through the "LEaP Forward" transformation and optimisation programme.

These objectives were all met during the year, in some cases with performance far exceeding expectations.

C) OUTLOOK

The outlook for Lagardère Travel Retail in 2022 primarily depends on the recovery in air traffic.

Objectives have been focused on preserving cash flow and the earnings stream, while supporting what is expected to be a recovery correlated with momentum in the vaccination campaigns. The main priorities are to:

- pursue the LEaP Forward programme, which is structured around the following issues:
  - optimising the corporate costs by finding the right balance between central control and local empowerment,
  - pooling more indirect procurement,
  - merchandise and procurement policies,
  - improving the supply chain and in-store processes,
  - accelerating the convergence of information systems;
- optimally manage store reopenings in line with pandemic conditions in each country, supported by the same or expanded mechanisms renegotiated with the concession grantors in 2021 concerning the contractual conditions applicable once store traffic recovers;
- implement the Asian expansion plan and strategy;
- follow its ambitious vision to set the market standard in CSR by taking a pragmatic approach;
- define a differentiating digital strategy, expressed in effective, actionable initiatives;
- maintain cash conservation and optimisation initiatives to support the growth strategy and align organisations with the new reality, while maintaining quality of execution and operational excellence through a talent engagement and retention strategy capable of driving transformation and success.

1.4.3 OTHER ACTIVITIES

1.4.3.1 LAGARDÈRE NEWS

The following comments describe the situation of Lagardère News in its 2021 configuration, which comprised *Paris Match*, *Le Journal du Dimanche*, Advertising Sales Brokerage, licensing management for the Elle brand, Europe 1 and the French music radio networks (Virgin Radio and RFM).

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

With three radio stations (Europe 1, Virgin Radio, RFM), two print media (*Paris Match*, *Le Journal du Dimanche*) and a global media imprint (Elle), Lagardère News brings together 5.6 million listeners[1] every day, more than 3.3 million readers[2] every week and 9.6 million unique visitors[3] to its digital platforms.

A.1 Press

Lagardère News publishes *Paris Match* magazine and the *Le Journal du Dimanche* weekly newspaper.

With 11.3 million readers every month[2] across its various paper and digital formats, *Paris Match* is France's leading news magazine, as measured by both print audience and circulation. It enjoys unique market positioning, combining the professionalism of news weeklies, the excitement of photo magazines and stunning coverage of news, culture, lifestyles and people. It can assign seasoned journalists to get to the heart of the world's most spectacular events, while offering intimate insights into the lives of France's favourite newsmakers and celebrities.

Every month[2], *Le Journal du Dimanche* reaches 3.2 million readers, including France's top opinion leaders, in its various paper and digital formats. With its scoops and exclusive interviews with political, business and cultural leaders, as well as its hundreds of citations every week in other media, it is France's most predominant weekend newspaper and one of the country's most influential newspapers in the fields of politics, business and culture (film and book reviews). Revenue is derived primarily from print and digital advertising sales, news stand sales and subscriptions, and diversification.

A.2 Radio

With its three national networks, Lagardère News is a major player in the French radio broadcasting market. Radio station revenues are largely made up of radio and advertising revenue, which depend greatly on audience ratings and the state of the advertising market.

Europe 1

Europe 1, France's benchmark general-interest radio station, offers high-quality programmes for the general public, with 2.3 million daily listeners[4].

Virgin Radio

Virgin Radio is a music station for 25 to 34-year-olds, blending creative programming and a dynamic, interactive format. Its mix of well-known pop, rock and electro hits and new tracks is enjoyed by more than 1.5 million listeners a day[5].

RFM

Every day, RFM offers nearly two million listeners[6] the very best of music in a general interest, family-friendly format, featuring a rich blend of pop, disco, funk and rock.

A.3 Elle International

Much more than just the leading fashion and lifestyle media brand, Elle International is the world's number one women's media network, with 33 million readers and 100 million unique visitors per

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[1] Source: Médiamétrie 126,000 Radio; Monday-Friday, 5 a.m.-midnight; 13 years and older; Europe 1, Virgin Radio and RFM; November-December 2021; cumulative audience.
[2] Source: ACPM One Next 2021 V4 / ACPM Brand One Next Global 2021 V4.
[3] Source: Médiamétrie NetRatings, total Internet audience in France, November 2021, unduplicated audience: Europe 1 (B), *Le Journal du Dimanche* (B), *Paris Match* (B), Virgin Radio (B), RFM (B); basis: 2 years and older.
[4] Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; November-December 2021; cumulative audience.
[5] Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; November-December 2021; cumulative audience.
[6] Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; November-December 2021; cumulative audience.

month on 55 digital platforms (websites and social media).

It has no fewer than 78 international editions, including 45 *Elle* and 25 *Elle Décoration*, licensed in 45 countries with partners including Hearst, Burda and Aller.

It also includes a non-media licensing business (fashion, beauty, decoration, services, etc.) working with 150 licensees in 80 countries.

Lastly, an exclusive international advertising sales brokerage unit sells print, digital and social media space to international advertisers in the 45 licensed titles through a network of nearly 30 representative offices around the world.

A.4 Advertising Sales Brokerage

In 2021, Lagardère Publicité News marketed a rich and varied media offering and smart media solutions closely matched to the needs of advertisers, media agencies and communications consultants.

The division brokers advertising sales for the Lagardère News brands (Europe 1, Virgin Radio, RFM, *Paris Match* and *Le Journal du Dimanche*), as well as for Oüi FM (in the greater Paris region), Radio FG (in greater Paris and Nice) and, since May 2021, Radio Meuh, Radio Public Santé and Replay News.

The five Lagardère News brands are all iconic, standard-setting brands offering a close strategic fit and firm roots in the daily lives of French people avid for news and entertainment.

The division's brokerage services span radio, print, digital and experiential formats to meet the specific needs of advertisers, media agencies and communications consultants. Lagardère Publicité News draws on the full extent of its business expertise, innovative media solutions and powerful brands to amplify conventional media campaigns or design tailor-made communication solutions.

Lagardère Publicité News is a powerful name capable of reaching around 28 million people, or 52% of the French population, over a one month period[1].

B) OPERATIONS DURING 2021

Contribution to consolidated revenue in 2021: €209 million (versus €203 million in 2020).

The contribution to consolidated revenue corresponds to the Lagardère News scope, as described in section 1.4.3.1 above.

Breakdown of revenue by activity

	2021	2020
of which Press	**34.6%**	34.7%
of which Radio	**45.7%**	49.2%
Other (essentially Elle International)	**19.7%**	16.1%
Total	**100%**	100%

Breakdown of revenue by geographic area

	2021	2020
France	**79.6%**	82.3%
International	**20.4%**	17.7%
Total	**100%**	100%

[1] Source: 2021 Cross Media survey; 15 years and older; one month's exposure; Lagardère Publicité News brands: Europe 1, *Paris Match*, *Le Journal du Dimanche*, RFM and Virgin Radio.

After the health crisis in 2020, 2021 was shaped by a recovery of all economic activity in France, despite the second lockdown in April and other restrictions during the year.

Over the first nine months of 2021, advertising spend turned upwards year-on-year but remained short of 2019 levels in traditional media (except TV, which returned to pre-pandemic spending). Over the January-September 2021 period, the spend remained below that in 2019 overall for all offline media (television, cinema, radio, press, outdoor advertising): down 9% on 2019 and up 17 % on 2020[1]. This made TV the most resilient medium over the period (up 1.5% on 2019 and up 23% on 2020)[2], followed by radio (down 5% on 2019 and up 11% on 2020)[3] and print (down 22% on 2019 and up 9% on 2020)[4]. Digital media advertising spending, on the other hand, rose by 26% over two years and by 18% over one year[5].

B.1 Press

2021 was a year of recovery for print media, despite the ongoing health crisis.

Circulation revenue for *Paris Match* and *Le Journal du Dimanche* ended the year down 4% on a like-for-like basis, compared with a 4% decline in 2020. Within the circulation revenue stream, subscriptions held up well and digital sales rose, whereas print sales suffered somewhat.

- News stand sales of *Paris Match* and *Le Journal du Dimanche* continued to suffer from the closure of certain sales outlets. *Paris Match* maintained its leading position in paid circulation among French news magazines, with an average 502,040 copies per issue in 2020-2021, down 3.2%[6] versus 2019-2020.
- *Le Journal du Dimanche* confirmed its position as one of France's leading national newspapers, with a 7.7%[7] increase in paid circulation in 2020-2021 and an average 149,203 copies per issue.

In **advertising**:

- Advertising spending in Magazine Publishing rose by 12% year-on-year versus January-September 2020, but remained a deep 24% down on 2019[8]. In this environment, *Paris Match* held up well in 2021, even if it fell short of its 2019 revenue performance.
- *Le Journal du Dimanche* delivered very strong financial results, with advertising revenue hitting a seven-year high in 2021.

In the **digital** segment:

- The *Paris Match* website and app received, on average, more than 4.9 million unique visitors in 2021[9]. It also maintained an extensive social media presence with three million followers. In addition, the Jeudy Politique, Royal Mail and Grands Evénements newsletters were rolled out in 2021, following on from the launch of La Newsletter Quotidienne in 2020.
- The *Le Journal du Dimanche* website and app received, an average of nearly 2.4 million unique visitors every month. Building on the 2019 launch of its daily newsletter (*Le journal de demain*), the newsletter line-up was expanded for paid digital subscribers with *Le supplément politique* and theme newsletters focused on cultural and lifestyle news with *Bon dimanche* and *Bon dimanche à Paris*.

B.2 Radio

Europe 1

Key figures

In 2021, Europe 1 had a cumulative audience of 4.5%[10], down 0.5 points compared with 2020 and down 1.0 points compared with 2019.

[1] Source: BUMP; first nine months of 2021.
[2] Source: BUMP; first nine months of 2021.
[3] Source: BUMP; first nine months of 2021.
[4] Source: BUMP; first nine months of 2021.
[5] Source: BUMP; first nine months of 2021; search, social media, display and others.
[6] Source: ACPM-OJD; July 2020-June 2021; year-on-year change excluding the months of March to June.
[7] Source: ACPM-OJD; July 2020-June 2021; year-on-year change excluding the months of March to June.
[8] Source: BUMP; first nine months of 2021.
[9] Source: BUMP; first nine months of 2021.
[10] Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; January-December 2021; cumulative audience and audience share.

Audience share stood at 4.0%[1], down 0.1 points on 2020 and 0.3 points on 2019.

Europe 1's 2021 performance against its commercial targets was as follows:

- 2.6% audience share among 25 to 59-year-olds[2], down 0.2 points year-on-year and 0.3 points compared with 2019;
- 3.7% audience share among AB+ listeners[3], down 0.1 points compared with 2020 and 0.2 points compared with 2019.

For the 2021-2022 season, Europe 1 is capitalising on its most promising programmes and most popular presenters and hosts, while thoroughly revitalising its news segments. This reflects the station's commitment to moving upmarket, particularly in news, and to playing a decisive role in an exciting, news-intensive year, with the French presidential election as a high point.

Dimitri Pavlenko has taken over the helm of *Europe Matin*, where he is contributing his professionalism and high standards. The morning show continues to feature Sonia Mabrouk conducting the political interview, with Matthieu Noël providing a new comedy interlude at 7:40 a.m.

The line-up over the rest of the day remains a showcase for Europe 1's renowned programmes and anchors, including Philippe Vandel (*Culture médias*), Elisabeth Assayag (*La France bouge*), Christophe Hondelatte (*Hondelatte raconte*), the duo of Stéphane Bern and Matthieu Noël (*Historiquement vôtre*) and Olivier Delacroix (*Libre antenne*).

Building on this solid foundation, Europe 1 has embarked on a drive to win back audience share by adjusting its programming schedule and bringing in new presenters and hosts. For example, *Hondelatte raconte*, a new concept in which Christophe Hondelatte, gives his personal take on a given year's events over an entire week, is the rising star in Europe 1 programming. Romain Desarbres and Laurence Ferrari are also enhancing and enriching the station's news segments by hosting *Europe Midi* and *Punchline*, respectively. In addition, Julia Vignali has joined Europe 1 with *Bienfait pour vous*, which focuses on health and well-being, in tandem with Mélanie Gomez. Lastly, Mouloud Achour has also come on board with the *Verveine Underground* music programme.

In this way, Europe 1 is continuing to develop an ambitious, seamlessly aligned experience, built around its central pillars of news, compelling narratives, culture and entertainment. The station's success in podcasting offers excellent testimony to its ability to deliver content in new formats used in new ways. Led by *Hondelatte raconte*, Europe 1 reported a record number of more than 162 million podcast downloads in 2021[4] or 50% more than in 2020.

Music radio

Among the leading radio stations in France, Virgin Radio is the one that resonates most with the 25-49 demographic, which represents nearly three out of four listeners (70%).

In November-December 2021, the station reported a cumulative audience of 2.8% and an audience share of 1.6%[5].

Manu Payet, who took over as anchor of the *Virgin Tonic* show in 2020, reaches almost 900,000 listeners[6] in the morning slot (6 a.m. to 10 a.m.), including 657,000 listeners aged 25-49.

Local programming, booked in the 4 p.m. to 8 p.m. drive time slot, is enhancing its appeal among 25 to 49-year-olds, with its audience share rising 6% over the year[7].

Debuting in August 2021 in the 8 p.m. to midnight slot, MiKL has since driven year-on-year gains of 45% in cumulative audience, 67% in audience

[1] Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; January-December 2021; cumulative audience and audience share.
[2] Source: Médiamétrie 126,000 Radio; 25-59 years; Monday-Friday; 5 a.m.-midnight; January-December 2021; audience share.
[3] Source: Médiamétrie 126,000 Radio; AB+ listeners; Monday-Friday; 5 a.m.-midnight; January-December 2021; audience share.
[4] Source: Médiamétrie eStat Podcast; Europe 1; 2021 vs. 2020.
[5] Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday, 5 a.m.-midnight; November-December 2021; cumulative audience and audience share.
[6] Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday, 6 a.m. to 10 a.m.; November-December 2021; cumulative audience.
[7] Source: Médiamétrie 126,000 Radio; 25-49 year-olds; average Monday-Friday; 4 p.m. to 8 p.m.; November-December 2021 vs. November-December 2020; audience share.

share and 2 minutes of listening time per listener[1] in the 13 years and older demographic.

RFM, steadfast loyalty

Listened to by more than two million people each day, RFM enjoys the longest listening time in the music station market (one hour and 34 minutes a day).

The station's performance is being buoyed by:

- a strong morning line-up, with Élodie Gossuin and Albert Spano in the 6 a.m. to 9:30 a.m. slot helping some 900,000 listeners[2] to start their day;
- increasingly popular evening drive time programming, with the 4:00 p.m. to 8:00 p.m. slot gaining 205,000 new listeners and 0.7 points of audience share[3];
- increasingly popular musical programming, with the 9:30 a.m. to 4 p.m. slot gaining 29,000 new listeners and 0.3 points of audience share[4].

Changes in Lagardère News' cumulative radio audience in France are as follows (5 a.m.-midnight; 13 years and older; Monday-Friday):

Cumulative audience %	2014	2015	2016	2017	2018	2019	2020	**2021**
Europe 1	8.9%	9.0%	8.1%	7.2%	6.4%	5.5%	5.0%	**4.5%**
Virgin Radio	4.2%	4.7%	5.0%	4.8%	4.5%	4.3%	3.4%	**2.9%**
RFM	4.6%	4.5%	4.4%	4.2%	4.1%	4.0%	3.9%	**3.4%**

Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; January-December; cumulative audience (%).

B.3 Elle International

For Elle's international licensing business, 2021 was shaped by:

In the media segment:

- the launch of Elle Décoration in Hungary;
- the launch of Elle Décoration in English-speaking Canada and Quebec;
- continued development of certain online and hybrid events, Elle Deco International Design Awards (EDIDA), the tenth anniversary of the Elle International Beauty Awards (EIBA), etc.;
- the signing by all 45 licensed Elle titles of a charter banning editorial and advertising content promoting animal fur.

In the non-media segment:

- the launch of Elle Décoration wallpaper with Erismann worldwide;
- the opening of an Elle hair salon in China;
- the launch of Elle Lingerie in Europe;
- the opening of an Elle café in Taipei, Taiwan;
- the launch of Elle make-up in Japan.

For the international Advertising Sales Brokerage:

- a robust 32% increase over the year in business;
- successful deployment of brand content campaigns in Watches & Jewellery.

B.4 Objectives and achievements in 2021

Since 2020, the Lagardère News teams have demonstrated agility, commitment and creativity

[1] Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday; 8 p.m. to midnight; November-December 2021 vs. November-December 2020; cumulative audience, audience share and listening time.
[2] Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday, 6 a.m. to 9:30 a.m.; November-December 2021; cumulative audience.
[3] Source: Médiamétrie 126,000 Radio; 13+; average Monday-Friday; 4 p.m. to 8:00 p.m.; November-December 2021 vs. November-December 2020; cumulative audience and audience share.
[4] Source: Médiamétrie 126,000 Radio; 13+; average Monday-Friday; 9:30 a.m. to 4 p.m.; November-December 2021 vs. November-December 2020; cumulative audience and audience share.

in responding to a very unusual health environment. They have worked to fulfil Lagardère News' two core missions: news and entertainment.

Lagardère News also remained sharply focused on diligently managing costs to limit the impact of the decline in revenue, in particular at Europe 1 by offering employees the possibility of mutually agreed termination settlements.

C) OUTLOOK

Lagardère News remains committed to asserting its identity as a collection of influential, creative, impactful media brands.

While continuing to optimise costs across the business base, Lagardère News will pursue its core objectives in 2022, to express its identity and develop synergies, restore radio audience numbers – especially at Europe 1 and Virgin Radio – drive the faster digital transformation of the Press businesses, broaden the Elle branded business, grow the radio stations and diversify the revenue stream.

1.4.3.2 LAGARDÈRE LIVE ENTERTAINMENT

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Since its creation in 2011, Lagardère Live Entertainment (LLE) has leveraged its expertise to grow two strategically related businesses:

- the production of live shows and concerts;
- the management of concert and entertainment venues.

With its unrivalled capabilities and peerless infrastructure, Lagardère Live Entertainment now comprises six companies operating in France:

- Lagardère Live Entertainment (holding company);
- L Productions (concert and show production);
- Théâtre des Folies Bergère;
- Casino de Paris;
- Arkéa Arena;
- Arena du Pays d'Aix.

Note that the Bataclan entertainment venue was sold in November 2021.

In 2021, Lagardère Live Entertainment and its subsidiaries employed the full-time equivalent of 94 people across France (including occasional performers).

A.1 Production of live shows and concerts

Since its founding, Lagardère Live Entertainment has steadily expanded its artist roster. Alongside such established stars as Florent Pagny, Matthieu Chedid (-M-) and Jean-Louis Aubert, it has gradually built up an A-list of emerging artists with a new generation of talents like Leonie, Laurie Darmon, Philippine Delaire and Stéphane.

Each strategy is different and intrinsic to the artist, which is why Lagardère Live Entertainment has to guarantee the excellence of all its artist services, in marketing, advertising, digital strategy, ticketing, technical support, budgeting, booking, etc.

At the same time, Lagardère Live Entertainment's success has been built on its experience in producing musical shows, with such blockbuster hits as *Salut les copains* and *Les Choristes*.

A.2 Venue management

The venue portfolio has also been enhanced over the years, both by acquiring iconic Parisian music halls and theatres, such as the Folies Bergère and Casino de Paris, and by investing in major venues in the rest of France, such as the Arkéa Arena concession in Bordeaux and the public service concession for the Arena du Pays d'Aix in Aix-en-Provence.

The management system for these venues comprises support services centralised at headquarters and operational services devolved to each self-managing venue. In addition, to drive stronger growth, skills synergies are being developed and capabilities and practices are being shared among all the venues.

B) LAGARDÈRE LIVE ENTERTAINMENT: A YEAR MARRED BY THE HEALTH CRISIS IN 2021

Contribution to consolidated revenue in 2021: €7.4 million (versus €5.4 million in 2020).

Breakdown of revenue by activity

	2021	2020
of which production of live shows and concerts	**23%**	13%
of which venue management	**77%**	87%
Total	**100%**	100%

In 2019, Lagardère Live Entertainment took a new step forward in cementing its position as the French market leader in show production, thanks to a year that saw outstanding attendance in its concert halls and record ticket sales for its artists.

Unfortunately, in 2020 and in the first half of 2021, the company was prevented from maintaining its growth momentum by the Covid-19 pandemic and the resulting government-mandated health precautions that directly impacted the live entertainment market.

These precautions, undertaken throughout 2021 to curb the spread of the pandemic, were as follows:

- from January to May 2021, entertainment venues closed to the public;
- 1 June 2021: venues allowed to reopen, subject to compliance with the following health precautions:
  - assigned seating and mandatory face masks,
  - each group of fewer than six people spaced at least one seat apart,
  - audience limited to 800 people or 35% of total venue capacity;
- 6 June 2021: audiences limited to 5,000 people or 65% of total venue capacity;
- 30 June 2021: standing audience limited to 75% of capacity with no limits on seated audience;
- 10 November 2021: 75% standing capacity limit lifted.

B.1 Production of live shows and concerts

Amidst the health crisis, business gradually began to recover in the second half of 2021:

- continuation of Jean-Louis Aubert's tour (36 concerts in 2021 and 13 in 2022);
- start of Florent Pagny's tour (25 concerts in 2021);
- announcement and advance ticket sales for tours by -M- (2022 and 2023), Jacques and Thomas Dutronc (2022 and 2023) and Kev Adams (2023);
- the Leonie tour;
- Laurie Darmon's concert;
- launch of the Stéphane project (15 opening acts during Florent Pagny's Zénith tour);
- Philippine Delaire's comedy tour.

This very unusual year nevertheless enabled Lagardère Live Entertainment to reaffirm its strategy by:

- retaining previously signed artists, such as -M-, Florent Pagny and Kev Adams;
- signing new artists, like Jean-Louis Aubert and Jacques and Thomas Dutronc;
- demonstrating its positioning in young talent development, in particular with the signing of Philippine Delaire and Stéphane.

B.2 Venue management

After a year without any shows in 2020, a recovery began to emerge in the summer of 2021, with 218 performances organised in Lagardère Live Entertainment-managed venues during the year.

C) OUTLOOK

Depending on the state of the pandemic and future government decisions, 2022 could be another unsettled year, with:

- the inability to produce planned tours and host certain shows due to audience capacity limits;
- a decline in ticketing revenue as possible buyers weigh the risks of cancellation.

Due to health restrictions, no shows were held in the Bordeaux and Aix-en-Provence arenas in January 2022. Nevertheless, as of late December 2021, there were many 2022 dates booked in Lagardère Live Entertainment venues.

On the show production side, the evolving health crisis could also disrupt tours. However, the following are already scheduled:

- Jean-Louis Aubert's tour will continue into 2022;
- Jacques and Thomas Dutronc's tour will start in Paris and continue in the provinces with a tour in the Zénith arenas and in festivals;
- the 13-date -M- tour will start in April 2022 in the provinces and in Paris, followed by a tour of the summer festivals before kicking off the Zénith tour in the second half;
- Philippine Delaire will resume her Paris residency in January and then go on tour before returning to Paris in October;
- Stéphane will continue to open for new artists before going on a festival tour.

1.5 REGULATORY ENVIRONMENT

1.5.1 SPECIFIC REGULATIONS APPLICABLE TO THE GROUP

Since the Group operates in a large number of countries, it deals with stringent and complex regulations put in place by various national and international authorities and organisations.

In the Book Publishing and Distribution sector, the Group is subject to specific local regulations in the countries where these businesses are carried out, including in terms of intellectual property rights, legal copyright registration requirements, rules governing the pricing of books, and VAT rules. In France, for example, the Group's businesses are subject to regulations imposing a fixed book price set by the publisher or importer, which restrict any qualitative or quantitative discounts granted to distributors. Further regulations also apply to publications for children and young adults and to broadening access to out-of-print books.

Laws and regulations on copyright, libel and slander, image rights and privacy, apply notably to Lagardère Publishing (book publishing) and to Lagardère News (press and audiovisual).

The radio broadcasting activities are subject to broadcasting regulations. In France, this concerns (i) the Law of 30 September 1986 and its enabling decrees; (ii) the inter-industry agreements relating in particular to government oversight (see paragraph 1.5.2 below); and (iii) broadcasters' contributions to audiovisual production and the terms and conditions governing their implementation.

Lagardère Travel Retail's marketing activities must comply with certain specific local regulations in the countries where these activities are carried out, principally as regards negotiations and the documentation of relationships with concession grantors and suppliers, those applicable to the sale of print media, foodstuffs, tobacco, alcohol and duty-free products (which may be governed by conventions signed with the local customs authorities), and transport operations. In France, for example, press distribution is governed by the Bichet Act.

The World Health Organization's Framework Convention on Tobacco Control recommends various measures to reduce the supply and demand of tobacco, in particular, banning or restricting duty-free and tax-free sales of tobacco products to international travellers and banning smoking in public transport and public places. In response to this Framework Convention, as well as to other measures, stricter regulations are being put in place regarding the sale and consumption of tobacco and could thus have an impact on Lagardère Travel Retail's businesses. Some countries have also introduced environmental protection measures (e.g., recycling certain products) that may affect points of sale.

The Group's digital businesses are subject to various regulations, both at national level (e.g., French law of 21 June 2004 designed to build trust in the digital economy, and the provisions of the French online retailing consumer code) and at international level [e.g., Regulation (EU) 2016/679 of 27 April 2016, referred to as the General Data Protection Regulation (GDPR), which entered into force on 25 May 2018].

The Group's advertising activities operate under the aegis of the relevant legislation, in particular restrictions on tobacco and alcohol advertising, online gambling laws, and laws concerning false and misleading advertising.

Lagardère Live Entertainment's activities are not only subject to intellectual property law, labour law and standards for establishments receiving members of the public (in connection with the Covid-19 pandemic, for example), as applicable to this sector, but also to special regulations pertaining to certain professions (entertainment producers, venue operators, etc.).

Any major change in these laws and regulations and/or incidents of non-compliance could impact the Group's businesses and financial position.

1.5.2 AUTHORISATIONS REQUIRED AND COMPLIANCE WITH QUOTAS

Some of the Group's businesses must obtain or renew licences issued by regulatory authorities.

This is the case for radio broadcasting in France, for which authorisations must be sought for specific periods determined by the French broadcasting authority (*Autorité de régulation de la communication audiovisuelle et numérique* – Arcom) pursuant to the French law of 30 September 1986. They are governed by a convention signed with Arcom and renewed in compliance with the above-mentioned law.

Pursuant to the French laws of 30 September 1986 and 1 August 1986, foreigners who are not members of the European Union or the European Economic Area are prohibited from holding, directly or indirectly, more than 20% of the capital of a company that has an authorisation to provide terrestrial radio services in French or a company that publishes works in French. By the same logic, French law 2016-1524 of 14 November 2016 promoting media freedom, independence and pluralism, prohibits Arcom from granting authorisation to operate a French language terrestrial radio service to companies whose capital ownership by non-French entities exceeds a certain threshold. Violations of these rules on foreign ownership of the media could lead to criminal penalties.

In addition, certain Lagardère Travel Retail businesses (such as retail tobacco sales, alcohol sales, duty-free warehousing and sales, and transport activities, as carrier or principal) may also be required to obtain prior authorisations in France or in other countries.

Lastly, pursuant to decree no. 2019-1004 of 27 September 2019, companies in France that operate performance venues and/or produce or broadcast live performances must file a statement of intent with the Ministry of Culture, whose receipt of filing serves as a license to exercise these activities, subject to compliance with a certain number of conditions.

1.6 CONSOLIDATED KEY FIGURES FOR 2021

1.6.1 CONSOLIDATED KEY FIGURES

(in millions of euros)	2021	2020[1]	2019[1]
Revenue	**5,130**	4,439	7,211
Recurring operating profit of fully consolidated companies[2]	**249**	(155)	378
Non-recurring/non-operating items	**(184)**	(336)	27
of which impact of IFRS 16 on concession agreements[3]	***(25)***	*(17)*	60
Income (loss) from equity-accounted companies[4]	**1**	(58)	6
Profit (loss) before finance costs and tax	**66**	(549)	411
Finance costs, net	**(64)**	(76)	(53)
Interest expense on lease liabilities	**(68)**	(74)	(85)
Income tax benefit (expense)	**(22)**	31	(55)
Profit (loss) from discontinued operations[1]	**2**	(20)	(207)
Profit (loss) for the year	**(86)**	(688)	11
o/w attributable to minority interests	**15**	(28)	26
o/w attributable to owners of the Parent	**(101)**	(660)	(15)
Total equity	**939**	827	1,672
Cash and cash equivalents (net debt)	**(1,535)**	(1,733)	(1,461)
Goodwill	**1,614**	1,461	1,564
Cash from investing activities	**415**	206	502

(1) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 2019. Income and cash flows for 2020 and 2019 have been recognised, respectively, in profit (loss) from discontinued operations and in net cash relating to discontinued operations (see note 4.3 to the consolidated financial statements).

(2) Recurring operating profit of fully consolidated companies is described in note 3.3 to the consolidated financial statements as profit (loss) before finance costs and tax, excluding the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:

_ acquisition-related expenses,

_ gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,

- amortisation of acquisition-related intangible assets;

- items related to leases and to finance lease sub-letting arrangements:
  - excluding gains and losses on leases,
  - excluding depreciation of right-of-use assets under concession agreements,
  - including decreases in lease liabilities under concession agreements,
  - including interest paid on lease liabilities under concession agreements,
  - including changes in working capital relating to lease liabilities under concession agreements.
- specific major disputes unrelated to the Group's operating performance.

(3) Including gains and losses on leases.

(4) Before impairment losses.

1.6.2 PER SHARE DATA

(in euros)	2021 basic	2021 diluted[1]	2020[2] basic	2020[2] diluted[1]	2019[2] basic	2019[2] diluted[1]
Profit (loss) attributable to owners of the Parent, per share	(0.75)	(0.75)	(5.11)	(5.11)	(0.12)	(0.12)
Equity attributable to owners of the Parent, per share	6.05	5.99	5.61	5.56	11.73	11.58
Cash flow from (used in) operations before change in working capital, per share	2.50	2.48	(0.25)	(0.25)	3.82	3.77
Share price at 31 December	24.38		20.48		19.43	
Dividend	0.50[3]		-		-	
Extra dividend	-		-		-	

(1) The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.
(2) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 2019. Income and cash flows for 2020 and 2019 have been recognised, respectively, in profit (loss) from discontinued operations and in net cash relating to discontinued operations (see note 4.3 to the consolidated financial statements).
(3) Dividend submitted for approval to the General Meeting to be held on 22 April 2022.

1.7 MAJOR INVESTMENTS

The Group's major contractual commitments in terms of investments are described in notes 32 and 33 to the 2021 consolidated financial statements.

1.7.1 INVESTMENT AND INNOVATION POLICY

1.7.1.1 Purchases of property, plant and equipment and intangible assets

(in millions of euros)	2021	2020[1]	2019[1]
Lagardère Publishing	38	39	35
Lagardère Travel Retail	92	121	162
Other Activities	6	7	11
Total target scope	**136**	**167**	**208**
Assets sold and pending disposal at Lagardère Active	-	3	7
Total	**136**	**170**	**215**

[1] In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 31 December 2019. Income and cash flows for 2020 and 2019 have been recognised, respectively, in profit (loss) from discontinued operations and in net cash relating to discontinued operations (see note 4.3 to the consolidated financial statements).

1.7.1.2 Purchases of investments

(in millions of euros)	2021	2020[1]	2019[1]
Lagardère Publishing	273	31	32
Lagardère Travel Retail	39	2	249
Other Activities	(33)	2	3
Total target scope	**279**	**35**	**284**
Assets sold and pending disposal at Lagardère Active	-	1	3
Total	**279**	**36**	**287**

These figures are taken directly from the consolidated statement of cash flows.

[1] In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 31 December 2019. Income and cash flows for 2020 and 2019 have been recognised, respectively, in profit (loss) from discontinued operations and in net cash relating to discontinued operations (see note 4.3 to the consolidated financial statements).

1.7.2 MAJOR INVESTMENTS IN 2019

Purchases of property, plant and equipment and intangible assets represented a net outflow of €215 million in 2019. They chiefly related to Lagardère Travel Retail (€162 million), a significant portion of which corresponded to the financing of new points of sale. The balance (€35 million) stemmed essentially from Lagardère Publishing and primarily reflected the end of investments in logistics projects in the United Kingdom and in new information systems projects in France.

Purchases of investments amounted to €287 million in 2019 and mostly related to the acquisition of the International Duty Free (IDF) group in Belgium, and to a lesser extent the acquisition of Smullers in the Netherlands by Lagardère Travel Retail. Purchases of investments also included Lagardère Publishing's acquisitions of Gigamic, Blackrock Games and Short Books in the United Kingdom.

1.7.3 MAJOR INVESTMENTS IN 2020

Purchases of property, plant and equipment and intangible assets represented an outflow of €170 million, €45 million less than in 2019. Purchases chiefly relate to Lagardère Travel Retail (outflow of €121 million), a significant portion of which corresponds to commitments undertaken in 2019 as well as investments in information systems and developments in China. Most of the balance reflected the €39 million in outflows from Lagardère Publishing's logistics and IT projects in the United Kingdom and new information systems projects in France.

1.7.4 MAJOR INVESTMENTS IN 2021

Purchases of property, plant and equipment and intangible assets represented an outflow of €136 million, €34 million less than in 2020. Purchases chiefly relate to Lagardère Travel Retail (€92 million), reflecting investments in information systems and expansion in China, albeit down €29 million year on year thanks to continued and disciplined cost control efforts and project postponements in a volatile environment. Most of the balance reflected the €38 million in outflows at Lagardère Publishing, mainly in connection with logistics and information systems projects.

Purchases of investments represented an outflow of €279 million in 2021, mainly in connection with the acquisitions of Workman Publishing and Hiboutatillus by Lagardère Publishing, and the capital increase for the Société de Distribution Aéroportuaire joint venture at Lagardère Travel Retail.

1.8 MAJOR CONTRACTS

1.8.1 MAJOR CONTRACTS BINDING THE GROUP

In the two years immediately preceding publication of this Universal Registration Document, the Company signed the following major contracts (other than those entered into in the normal course of business):

Sale of Lagardère Sports to H.I.G. Capital

On 22 April 2020, the Lagardère group sold a 75% stake in Lagardère Sports to the H.I.G. Capital private equity fund.

The transaction valued the business alone at some €110 million[1] and the entire Lagardère Sports and Entertainment division at around €150 million[2].

Further to that disposal, on 26 July 2021, the Lagardère group sold to H.I.G. Capital the non-strategic 25% stake it had retained in Sportfive (formerly Lagardère Sports) for a consideration slightly above book value. The transaction provided for the reimbursement to the Lagardère group of the entire €45 million balance of the vendor loan in first-half 2021, of a total amount of €64 million, granted to H.I.G. Capital and reimbursable in line with cash receipts generated by the performance and termination of the Asian Football Confederation agreement on 31 December 2020. The Group will retain the vendor loan of €35 million, which will be reimbursed by 31 December 2025 at the latest, as well as the management of the litigation in arbitration proceedings with the Confederation of African Football together with its financial implications.

SALE OF LAGARDÈRE STUDIOS TO MEDIAWAN

On 30 October 2020, the Lagardère group sold all outstanding shares in Lagardère Studios to Mediawan. The transaction priced Lagardère Studios at an enterprise value of €100 million, of which €85 million was paid on closing (including around €20 million paid in Mediawan shares immediately sold by the Group) and up to €15 million in contingent consideration payable in 2023.

HACHETTE BOOK GROUP ACQUIRES WORKMAN PUBLISHING

On 23 September 2021, Hachette Livre's US subsidiary Hachette Book Group purchased all outstanding shares of independent US publisher Workman Publishing for $240 million.

PARTNERSHIP FOR LAGARDÈRE TRAVEL RETAIL IN NORTH ASIA

On 12 November 2021, Lagardère Travel Retail completed the sale of an aggregate 23.548% stake in Lagardère Travel Retail Asia to (i) leading e-commerce specialist JD.com (18.349%); (ii) state-owned investment firm China Jianyin Investment (JIC – 3.67%); and (iii) investment bank China International Capital Corporation (CICC – 1.529%). The stake was sold to three investors for a total cash consideration of CNY 770 million, or approximately €105 million as of 12 November 2021.

[1] The enterprise value breaks down as €55 million in net investment income payable subject to various time scales and conditions, and €55 million in liabilities (pension obligations and minority interests). The estimated €55 million impact on net cash breaks down as: (i) €22.5 million receivable on the closing of the transaction; (ii) €63 million in the form of a vendor loan reimbursable in line with cash receipts from the Asian Football Confederation (AFC); (iii) €35 million in the form of a vendor loan reimbursable on 31 December 2025 (or earlier, in the event of a change of control); and (iv) €66 million in cash deconsolidated, as estimated for the expected closing date of the transaction.

[2] The Lagardère group retains its entire interest in Lagardère Live Entertainment, valued in its financial statements at just over €40 million.

1.8.2 CONTRACTS INVOLVING MAJOR COMMITMENTS FOR THE WHOLE GROUP

The Company and its subsidiaries have also entered into a certain number of major contracts (other than those entered into in the normal course of business) involving an obligation or major commitment for the whole Group. The contracts concerned are the financing agreements referred to in chapter 5, note 28 to the 2021 consolidated financial statements, particularly the following:

- on 11 May 2015, the Company arranged a €1.25 billion multi-currency syndicated credit facility for general corporate purposes, which replaced the previous €1.645 billion facility, signed in 2011. At the end of its initial five-year term, the facility was extended for two years, to May 2022. On 18 December 2020, the Company and its partner banks agreed to amend the facility to lower the line of credit to €1.1 billion, extend the maturity of a €1.0 billion tranche from 2022 to March 2023 and redefine the financial covenants to reflect the impact of the health crisis on all of the Lagardère group's businesses (see note 28.1 to the consolidated financial statements). The facility was further amended on 21 December 2021 to reflect the phase-out of the London Interbank Offered Rate (LIBOR), one of the leading benchmarks for setting interest rates in interbank financial markets;
- on 6 April 2016, the Company issued a total of €500 million worth of seven-year bonds on the Luxembourg stock market, maturing in April 2023 and paying an annual coupon of 2.75%. In October 2021,€150 million of the proceeds of the €500 million bond issue maturing in October 2027 and successfully placed in October 2021, was used to reduce the nominal amount of the €500 million bond maturing in April 2023;
- on 14 June 2017, the Company carried out a seven-year €300 million bond issue on the Luxembourg stock market, maturing in June 2024 and paying an annual coupon of 1.625%;
- on 30 June 2017, the Company arranged a €50 million term loan with BNP Paribas, repayable no later than 30 June 2022;
- on 26 June 2019, the Company raised €250 million through the private placement of German Schuldscheindarlehen debt instruments. The placement consisted of four euro-denominated tranches issued with five- and seven-year maturities at fixed and floating rates;
- on 9 October 2019, the Company issued a total of €500 million worth of seven-year bonds on the Luxembourg stock market, maturing in October 2026 and paying an annual coupon of 2.125%;
- on 18 December 2020, the Company arranged a €465 million French government-backed loan, with a lending syndicate comprising BNP Paribas, Commerzbank, Crédit Agricole Corporate and Investment Bank, Crédit Agricole Île de France, LCL, ING, Natixis, Société Générale and UniCredit. The loan, whose initial one-year maturity may be extended at the Group's option by up to five more years, is 80%-guaranteed by the French State, in accordance with a decision of the Ministry of the Economy, Finance and Recovery on 31 December 2020, in application of article 6 of law 2020-289 of 23 March 2020 amending the 2020 Finance Act (see note 28.1 to the consolidated financial statements). On 8 December 2021, Lagardère SA repaid the €465 million government-backed loan in full prior to maturity, primarily by using the remaining proceeds of the €500 million bond issue maturing in 2027 that was successfully placed in October 2021;
- on 30 September 2021, the Company issued €500 million worth of six-year bonds maturing in October 2027 and paying an annual coupon of 1.75%.

1.9 REAL ESTATE PROPERTY

The total net value of property, plant and equipment belonging to the Lagardère group amounted to €673 million in 2021, based primarily on the gross value of land (€49 million) and buildings (€675 million). Note that this amount also includes the value of improvements to premises leased to third parties, such as the Lagardère Travel Retail sales outlets. The net book value of land and buildings came to €344 million, or approximately 3.9% of the balance sheet total.

Among other properties, the Group owns the Lagardère SA registered office at 4, rue de Presbourg in the sixteenth *arrondissement* of Paris and the Hachette Livre registered office in Vanves.

It also owns a number of office buildings occupied by its publishing houses in the sixth and fourteenth *arrondissements* of Paris and the Hachette Livre logistics hub in Maurepas near Paris.

The Group no longer owns any investment properties.

2 CORPORATE GOVERNANCE REPORT

Ladies and Gentlemen,

In accordance with the final paragraph of article L. 225-37 of the French Commercial Code (*Code de commerce*), we hereby present the report on corporate governance which contains all of the information required under articles L. 225-37-4, and L. 22-10-09 to L. 22-10-11 of said Code.

The additional information on the matters referred to in paragraph 2 of article L. 22-10-10 of the French Commercial Code is covered in section 2.4.3 – Diversity and gender balance in human capital.

This report was prepared with the assistance of the Board Committees, the Board Secretary and the Group Secretary General. It was approved by the Board of Directors on 14 March 2022, after review by the Board Committees.

2.1 GENERAL PRINCIPLES OF LAGARDERE SA'S GOVERNANCE

2.1.1 CORPORATE GOVERNANCE CODE

The Company has applied the corporate governance principles laid down in the Afep-Medef Corporate Governance Code revised in January 2020 (Afep-Medef Code).

The most up-to-date version of the Afep-Medef Code is available in the Governance section of Lagardère's website as well as on the website of the Association française des entreprises privées (Afep) in the section dedicated to governance.

In accordance with article L. 22-10-10 4° of the French Commercial Code, this report includes a summary table setting out the recommendations of the Afep-Medef Code that the Company has decided not to apply or which it has only partly applied to date, along with the reasons for those decisions (see section 2.2.5).

2.1.2 GOVERNANCE STRUCTURE

2.1.2.1 Combination of the roles of the Chairman of the Board of Directors and the Chief Executive Officer

At the Annual Ordinary and Extraordinary General Meeting held on 30 June 2021, the Company's General Partners and Limited Partners approved the conversion of the Company into a joint-stock company (*société anonyme*) with a Board of Directors.

At the first Board of Directors' meeting held after the Company's conversion, as had been previously announced to the Company's shareholders when the conversion project was presented, the directors decided that the Company's general management would be assigned to the Chairman of the Board of Directors and that he would therefore hold the position of Chairman and Chief Executive Officer. The Board appointed Arnaud Lagardère – who up until the Company's conversion had been Managing Partner of Lagardère SCA – as Chairman and Chief Executive Officer of the Company for the six-year term of his directorship, and appointed Pierre Leroy as Deputy Chief Executive Officer for the same term.

The Board believes that combining the roles of Chairman of the Board of Directors and Chief Executive Officer is in the Company's best interests. This means that the Group can be administered and managed in a more agile manner, particularly during this period of transformational change that the Group is currently experiencing, and in view of the health crisis. This form of governance also fits with the Board's aim of maintaining a stable management structure by enabling Arnaud Lagardère and Pierre Leroy to continue the executive management duties that they exercised in the Company when it was a partnership limited by shares, with added focus on operational excellence and cash generation.

Lastly, this type of governance structure makes strategic decision-making more effective and will help optimise the Group's economic and financial performance, while creating a direct link between management, shareholders and the Board of Directors.

2.1.2.2 Distribution and balance of powers

The new governance rules put in place after the Company was converted are the result of constructive dialogue between its main shareholders. The governance rules applied meet all of the relevant legal requirements and are in full compliance with governance best practices, as illustrated by the fact that:

- the majority of the Board's members are independent directors and there are two employee directors;
- the proportion of women on the Board exceeds the legal requirements;
- the Board has two standing Committees – the Audit Committee and the Appointments, Remuneration and CSR Committee – as well as an *ad hoc* Committee set up specially to examine the proposed public tender offer for Lagardère announced by Vivendi SE (see section 2.2.3 for a presentation of the membership structure and main roles and responsibilities of the Board Committees);
- the three Board Committees are chaired by an independent director;
- an employee director sits on the Appointments, Remuneration and CSR Committee; and
- the Board of Directors' membership reflects the Company's shareholding structure, as all of the directors apart from the employee directors elected by the Group Employees' Committee, put forward by the Company's main shareholders and appointed at the 30 June 2021 Annual General Meeting.

Chairman and Chief Executive Officer

In accordance with French law, the Company's Articles of Association and the Board's Rules of Procedure, the Chairman and Chief Executive Officer chairs Board meetings, organises and directs the Board's work and reports thereon at the Annual General Meeting. In this capacity, he also ensures that the Company's administrative and management bodies operate efficiently and that the members of the Board are able to effectively fulfil their duties.

The Chairman and Chief Executive Officer has the broadest powers to act in any circumstances in the name of the Company. The Chief Executive Officer exercises these powers within the limit of the corporate purpose and subject to the powers expressly attributed by law to the General Meeting and to the Board of Directors. He represents the Company in its relations with third parties.

On 30 June 2021, the Board of Directors appointed Arnaud Lagardère as Chairman and Chief Executive Officer for a six-year term.

Deputy Chief Executive Officer

The Company's Articles of Association provide that, on the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, who would hold the title of Deputy Chief Executive Officer.

On 30 June 2021, on the recommendation of Arnaud Lagardère, the Board of Directors appointed Pierre Leroy as Deputy Chief Executive Officer for a six-year term.

The Deputy Chief Executive Officer has the same powers as the Chief Executive Officer.

The Board of Directors

In accordance with the applicable laws, the Company's Articles of Association and the Board's Rules of Procedure, the Board of Directors determines the Company's overall business strategy and ensures that it is implemented in the best interests of the Company, taking into consideration the social and environmental aspects of the Company's operations. Subject to those powers expressly attributed to the General Meeting, and within the limits of the corporate purpose, the Board addresses all matters concerning the smooth running of the Company and, through its deliberations, controls all matters concerning it.

The Board of Directors proceeds with such controls and verifications as it deems appropriate.

In particular, in accordance with applicable laws and regulations and under any terms and conditions set out in the Rules of Procedure, the Board of Directors, inter alia:

- convenes General Shareholders' Meetings and draws up the agenda;

- reviews and approves the parent company and consolidated financial statements, and prepares the annual management report;
- authorises the agreements referred to in articles L. 225-38 *et seq.* of the French Commercial Code;
- authorises the deposits, endorsements and guarantees undertaken by third parties and referred to in article L. 225-35 of the French Commercial Code;
- chooses the method of General Management organisation, in accordance with articles 15.1 and 15.2 of the Articles of Association;
- appoints, replaces or removes from office the Chairman of the Board of Directors, the Chief Executive Officer and, on the recommendation of the Chief Executive Officer, the Deputy Chief Executive Officer(s);
- appoints, where applicable, the assistant managing director(s) on the recommendation of the Chief Executive Officer;
- approves any major transactions falling outside of the Company's strategy;
- determines the powers of the Chief Executive Officer and, where applicable, and in agreement with the latter, those of the Deputy Chief Executive Officer(s) and the assistant managing director(s);
- appoints members of the Board subject to the shareholders subsequently ratifying the appointment;
- draws up the remuneration policy for corporate officers and sets the components of their remuneration packages in accordance with the policy concerned;
- appoints the members of the Board Committees set up pursuant to the applicable laws, the Company's Articles of Association and the and the Board's Rules of Procedure;
- authorises the Chief Executive Officer to grant sureties, endorsements and guarantees.

More specifically, in light of the announcement and future filing of Vivendi SE's public tender offer for the Company's shares, the Board of Directors is responsible for:

- generally defining the Company's policy concerning the offer;
- setting up an *ad hoc* Committee. This Committee was set up on 17 December 2021;
- appointing an independent expert, based on a recommendation of the *ad hoc* Committee. The firm Eight Advisory was appointed on 21 December 2021 by the Board of Directors;
- authorising any related-party agreements entered into as part of the offer, such as the Clean Team confidentiality and cooperation agreement signed on 20 December 2021 with Vivendi SE, previously authorised by the Board of Directors on 17 December 2021, and subject to shareholder approval at the General Meeting on 22 April 2022. For more details on this agreement, see the Statutory Auditors' special report in chapter 5 of this Universal Registration Document;
- considering any questions/observations from the minority shareholders;
- ultimately, recommending or not recommending the offer to the shareholders.

2.1.2.3 Restrictions on the Chairman and Chief Executive Officer's powers

The Board's Rules of Procedure provide for certain restrictions on the powers of the Chairman and Chief Executive Officer, setting or enabling the Board of Directors to set thresholds above which the Board's prior authorisation is required. These restrictions concern:

- sureties, endorsements and guarantees in excess of an aggregate €10 million;
- any disposal of a subsidiary or business asset that individually or collectively represents, over any 12-month period, sales in excess of (i) €50 million for subsidiaries or business assets operating in the publishing business, (ii) €100 million for subsidiaries or business assets operating in the travel retail business or (iii) €10 million for subsidiaries or business assets operating in the media business (radio and written press).

2.2 GOVERNANCE BODIES

2.2.1 THE SUPERVISORY BOARD (IN OFFICE BEFORE THE CONVERSION OF THE COMPANY AND UNTIL 30 JUNE 2021)

2.2.1.1 Membership structure

A) PRESENTATION OF THE SUPERVISORY BOARD

The Supervisory Board, in office when the Company was in its previous form as a partnership limited by shares until 30 June 2021, comprised a maximum of ten members plus either one or two members representing employees.

At 30 June 2021, the Board had nine members:

	Personal information			Position on the Board			Member of a Board Committee		
	Age	Gender	Nationality	Independence	First appointed	End of term of office	Audit Committee	Strategy Committee	Appointments, Remuneration and CSR Committee
Patrick Valroff *Chairman*	72	M	French	Yes	27 April 2010	30 June 2021	Chairman	✓	
Jamal Benomar	64	M	British Moroccan	Yes	12 September 2018	30 June 2021			✓
Valérie Bernis	63	F	French	Yes	31 August 2020	30 June 2021			✓
Michel Defer *Employee directors*	60	M	French	N/A	4 November 2020	30 June 2021			
Soumia Malinbaum	59	F	French	Yes	3 May 2013	30 June 2021			✓
Guillaume Pepy	63	M	French	Yes	27 February 2020	30 June 2021	✓	Chairman	
Gilles Petit	65	M	French	Yes	10 May 2019	30 June 2021		✓	Chairman
Nicolas Sarkozy	66	M	French	Yes	27 February 2020	30 June 2021		✓	
Susan M. Tolson	59	F	American	Yes	10 May 2011	30 June 2021	✓		

B) CHANGES IN MEMBERSHIP STRUCTURE IN THE FIRST HALF OF 2021

Changes in the membership structure of the Supervisory Board and the Supervisory Board Committees in the first half of 2021

When the Company was converted into a joint stock company with a Board of Directors, the Supervisory Board was dissolved, as were the Supervisory Board committees. Consequently, all of the Supervisory Board members' terms of office ended on 30 June 2021.

2.2.1.2 Work of the Supervisory Board in first-half 2021

In the first half of 2021, the Supervisory Board met seven times with an average attendance rate of 98%. During these meetings, the Board was given a report of the work conducted by the Board

Committees – the Audit Committee, the Strategy Committee and the Appointments, Remuneration and CSR Committee.

With the assistance of its Committees, the Board worked on the following main areas during the period:

Group business and finance:

- reviewing the annual financial statements and the Group's overall position and strategy;
- presenting the strategic roadmap adopted by the Managing Partners.
- presenting a planned acquisition in the United States.

Governance, appointments and remuneration:

- advisory opinion on the Managing Partners' remuneration policy;
- designing the remuneration policy for the members of the Supervisory Board;
- conducting the annual review of the Service Agreement, which remained in force during the year;
- preparing the 30 June 2021 Annual General Meeting (agenda, draft resolutions, corporate governance report and reports to the shareholders).

Conversion of the Company:

- reviewing and issuing an opinion on the plan to convert the Company into a French joint-stock company (*société anonyme*);
- authorising the settlement agreement with Amber Capital;
- reviewing the candidates proposed to the future Board of Directors in connection with the proposed conversion, including their independence status;
- drawing up the remuneration policies for the Chairman and Chief Executive Officer, Deputy Chief Executive Officer and the members of the Board of Directors;
- reviewing the accounting impacts of the Company's conversion.

Members' attendance at Supervisory Board and Committee meetings in the first half of 2021

Member of the Board	Supervisory Board	Audit Committee	Appointments, Remuneration and CSR Committee	Strategy Committee
Jamal Benomar	100%	-	100%	-
Valérie Bernis	100%	-	100%	-
Michel Defer	100%	-	-	-
Soumia Malinbaum	100%	-	100%	-
Guillaume Pepy	100%	100%	-	100%
Gilles Petit	100%	-	100%	100%
Nicolas Sarkozy	100%	-	-	100%
Susan M. Tolson	86%	100%	-	-
Patrick Valroff	100%	100%	-	100%

2.2.2 BOARD OF DIRECTORS (AS FROM 30 JUNE 2021)

2.2.2.1 Membership structure

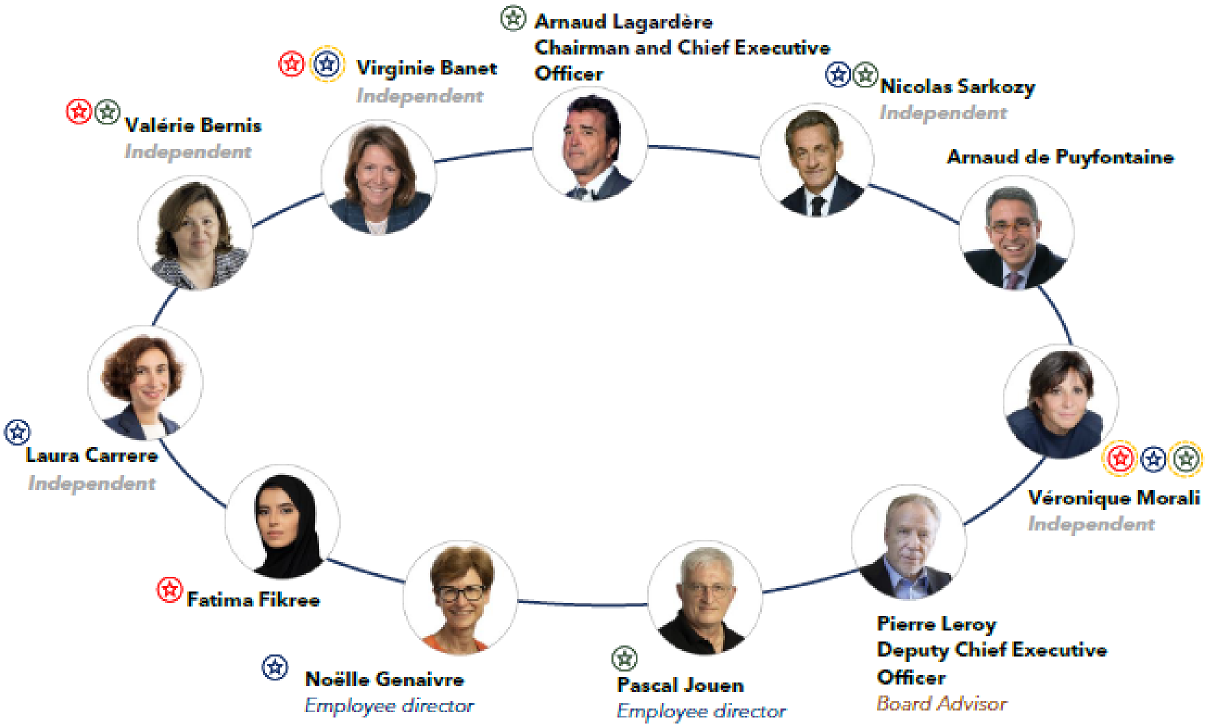
A) OVERVIEW OF THE BOARD OF DIRECTORS

In accordance with the Company’s Articles of Association, the Board of Directors comprises a minimum of eight and a maximum of nine members, plus the employee director(s), and a Board Advisor that may be designated on the proposal of the Board of Directors.

Each director has a four-year term of office, apart from Arnaud Lagardère who was appointed for a term of six years as permitted in the Company's Articles of Association.

On 31 December 2021, the Board comprised ten members, including two employee directors and one Board Advisor.

MEMBERSHIP OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2021



Audit Committee members

Appointments, Remuneration and CSR Committee members

Ad hoc Committee members

Committee Chair

55.8 | Average age**

62.5% | Percentage of women on the Board***

5 | Number of meetings*

98% | Attendance rate**

62.5% | Independence rate***

EXPERTISE OF THE BOARD**

International experience
7 members

Management and financial expertise
8 members

Business and other expertise
9 members

** Updated on 30 June 2021. / ** Excluding Board Advisor. / *** Excluding Board Advisor and employee directors.*

List of members of the Board of Directors at 31 December 2021

At 31 December 2021	Personal information: Age	Sex	Nationality	Number of shares	Experience: Number of directorships held in listed companies[1]	Position on the Board: Independence[2]	First appointed	End of term of office (GM)	Board seniority	Member of a Board Committee: Audit Committee	Appointments, Remuneration and CSR Committee	*Ad hoc* Committee
Arnaud Lagardère *Chairman and Chief Executive Officer*	60	M	French	15,611,486	-	X	30 June 2021	2027	Less than 1 year			✓
Virginie Banet	55	F	French	3,000	2	✓	30 June 2021	2025	Less than 1 year	✓	Chair	
Valérie Bernis	63	F	French	150	2	✓	30 June 2021	2025	Less than 1 year	✓		✓
Laura Carrere	44	F	French	150	-	✓	30 June 2021	2025	Less than 1 year		✓	
Fatima Fikree	29	F	Qatari	150	-	X	30 June 2021	2025	Less than 1 year	✓		
Noëlle Genaivre *Employee director*	62	F	French	-	-	N/A	19 May 2021	2025	Less than 1 year		✓	
Pascal Jouen *Employee director*	59	M	French	47	-	N/A	19 May 2021	2025	Less than 1 year			✓
Véronique Morali	63	F	French	150	-	✓	30 June 2021	2025	Less than 1 year	Chair	✓	Chair
Arnaud de Puyfontaine	57	M	French	150	2	X	30 June 2021	2025	Less than 1 year			
Nicolas Sarkozy	66	M	French	1,301	1	✓	30 June 2021	2025	Less than 1 year		✓	✓
Pierre Leroy *Board Advisor*	73	M	French	105,135	-	N/A	30 June 2021	2025	Less than 1 year			✓(*)

(*) Pierre Leroy attends meetings of the *ad hoc* Committee in a non-voting capacity.
[1] Outside the Lagardère group.
[2] Under the Afep-Medef corporate governance independence criteria as applied by the Board of Directors.

B) LIST OF DIRECTORSHIPS AND OTHER POSITIONS HELD BY MEMBERS OF THE BOARD OF DIRECTORS

Arnaud Lagardère

Chairman and Chief Executive Officer
Member of the ad hoc Committee

Nationality: French

Date of birth: 18 March 1961

Total number of Company shares held:

504,937 directly and 15,106,549 through Lagardère SAS, Lagardère Capital and Arjil Commanditée-Arco[1], which he controls

Arnaud Lagardère holds a DEA post-graduate degree in economics from the University of Paris Dauphine. He was appointed Director and Chief Executive Officer of MMB (which became Lagardère SCA then Lagardère SA) in 1987. He was Chairman of the US company Grolier Inc. from 1994 to 1998. Arnaud Lagardère was appointed Managing Partner of the Company by way of a decision by Arjil Commanditée-Arco approved by the Supervisory Board on 26 March 2003 and his term of office was subsequently renewed in 2009, 2015 and 2020. On 30 June 2021, he was appointed Chairman and Chief Executive Officer of Lagardère SA.

► **Directorships and other positions held in other companies**

In France:

Chairman and Chief Executive Officer, Arjil Commanditée-Arco

Chairman and Chief Executive Officer and Chairman of the Board of Directors, Lagardère Media

Director, Hachette Livre

Chairman of the Supervisory Board, Lagardère Travel Retail

Chairman of the Supervisory Board, Lagardère Active

Director, Lagardère Ressources

Chairman, Fondation Jean-Luc Lagardère

Chairman, Association des Amis de la Croix-Catelan (formerly Lagardère Paris Racing Ressources sports association) (non-profit organisation)

Chairman, Lagardère Paris Racing sports association (non-profit organisation)

Chairman, Lagardère SAS

► **Directorships and other positions expired during the last five years**

Chairman of the Executive Committee, Lagardère Sports and Entertainment

General Manager, Europe 1 Digital (formerly Lagardère News)

General Manager, Europe News

Chairman, Europe 1 Télécompagnie

Chairman, Lagardère Médias News

Chairman, Lagardère Sports, LLC (formerly Lagardère Sports Inc.)

Deputy Chairman, Lagardère Active Broadcast

Chairman, Lagardère Sports US, LLC, formerly Sports Investment Company LLC

Member of the Board of Directors, Lagardère Sports Asia Investments Ltd

Member of the Board of Directors, Lagardère Sports Asia Holdings Ltd

[1] French joint-stock company (*société anonyme*) located at 4 rue de Presbourg, 75116 Paris, 99.92% owned by Lagardère Capital, which is controlled by Arnaud Lagardère (directly and indirectly, through the companies Lagardère and LM Holding).

	Chairman, Lagardère Capital (formerly Lagardère Capital & Management) Chairman, Lagardère Management Chairman, LM Holding Member of the Board of Directors, Société de Distribution Aéroportuaire (SDA) Member of the Board of Directors, Relay@ADP Outside France: Chairman, Lagardère North America	

Virginie Banet

Independent director
Chair of the Appointments, Remuneration and CSR Committee
Member of the Audit Committee

Nationality: French

Date of birth: 18 January 1966

Total number of Company shares held:

3,000

A graduate of the Institut d'Études Politiques de Paris, with a degree in Economic Science and a diploma from the SFAF (French Society of Financial Analysts), Virginie Banet began her career as a financial analyst at SBS, Warburg and then Deutsche Bank specialising in Capital Goods and Aerospace and Defence for Europe (1989-2003) before becoming an investment banker and Head of M&A Aerospace & Defence at Deutsche Bank and then at Airbus (2003-2008). From 2008 to 2010, she was a member of the Executive Committee of Lagardère Média, head of investor relations and financial market communications policy. From 2011 to 2014, she was a member of the Executive Committee of Natixis, Director of customer relations and advisory services, head of banking teams in France and abroad as well as traditional financing. In 2014, Virginie Banet joined Ondra as a Partner, and then joined Nomura as an investment banker in 2015. In September 2019, she founded her own financial consulting company Iolite Financial Consulting and became Senior Advisor at AlixPartners and Foncière Atland. She is currently a member of the Board of Directors and the Audit Committee of Netgem and a member of the Board of Directors of Mediobanca SpA.

► Directorships and other positions held in other companies

In France:

Chair, Iolite Financial Consulting

Senior Advisor, AlixPartners

Member of the Board of Directors and Audit Committee, Netgem (listed company)

Senior Advisor, Foncière Atland

Outside France:

Member of the Board of Directors, of the Remuneration Committee and of the CSR committee, Mediobanca SpA (listed company)

► Directorships and other positions expired during the last five years

Member of the Supervisory Board and the Finance and Audit Committee, Vallourec (listed company)

Valérie Bernis

Independent director
Member of the Audit Committee
Member of the *ad hoc* Committee

Valérie Bernis is a graduate of the Institut Supérieur de Gestion and the Université de Sciences Economiques in Limoges. Having spent two years as Press and Communications Officer for the French Prime Minister's Office, in 1996 she joined Compagnie de Suez as Executive Vice-President – Communications, and then in 1999 was appointed Deputy CEO in charge of Corporate Communications and Sustainable Development. During that time, she also served for five years as Chair and CEO of Paris Première, a French TV channel.

Nationality: French

Date of birth: 9 December 1958

Total number of Company shares held:

150

► Directorships and other positions held in other companies

In France:

Member of the Board of Directors, Chair of the CSR Committee and member of the Remuneration Committee, Atos (listed company)

Member of the Board of Directors, Chair of the Remuneration and CSR Committee and member of the Strategy Committee and the Commitments Committee, France Télévisions

General Secretary of the Board of Directors, AROP (Opéra de Paris)

Member of the Board of the French Alzheimer's Research Foundation

Outside France:

Member of the Board of Directors and member of the Appointments Committee, the CSR Committee and the Audit Committee of L'Occitane International SA (listed company)

► Directorships and other positions expired during the last five years

Member of the Supervisory Board, Euro Disney SCA (listed company)

Member of the Board of Directors, Suez SA (listed company)

Nationality:
French

Date of birth:
22 March 1977

Total number of Company shares held:

150

Laura Carrere

Independent director
Member of the Appointments, Remuneration and CSR Committee

A graduate of the École Polytechnique and the École Nationale des Ponts et Chaussées, Laura Carrere has over 16 years of experience in investment banking at Société Générale, where she was Vice President in structured finance for technology, media & telecoms (from 2003 to 2007), then Managing Director of equity transactions for large companies (from 2008 to 2016), before being promoted to Managing Director, responsible for coverage for Family offices & Holdings at the Investment Bank (from 2017 to 2019). From 2018 to 2019, Laura Carrere was a member of the Board of Directors of ALD, the European leader in car leasing solutions. Laura Carrere also served as Commercial Director Southern Europe at EcoAct from 2020 to 2021.

- **Directorships and other positions held in other companies**

In France:

Assistant Managing Director, Development and Investor Relations, Eiffel Investment Group

Director, X-Environnement (non-profit organisation)

Outside France:

N/A

- **Directorships and other positions expired during the last five years**

Member of the Board of Directors, ALD

Member of the Board of Directors, Blue Solutions

Fatima Fikree

Director

Member of the Audit Committee

Fatima Fikree is a Director at the Qatar Investment Authority. She is a graduate of Carnegie Mellon University, the Tepper School of Business. Fatima Fikree began her career in the financial industry at Barclays plc and joined the Qatar Investment Authority in 2017. Fatima Fikree holds a Bachelor of Science degree in Business Administration and is a Chartered Financial Analyst.

Nationality:
Qatari

Date of birth:
13 April 1992

Total number of Company shares held:

150

► **Directorships and other positions held in other companies**

In France:

N/A

Outside France:

Chair of the Supervisory Board, Northern Capital Gateway

Chair and Director, Q West Holding LLC

Chair and Director, Qure Holding LLC

Director, F3 Holding LLC

Director, Thalita Trading Limited

► **Directorships and other positions expired during the last five years**

None

Noëlle Genaivre

Employee director
Member of the Appointments, Remuneration and CSR Committee

Noëlle holds a vocational training certificate and degree in Applied Foreign Languages and is an employee of the Lagardère group, where she serves as Administrative Manager for Hachette Livre's Youth Works division.

Noelle has held a number of different positions within the employee representative bodies of Hachette Livre and the Lagardère group.

Nationality: French

Date of birth: 22 September 1959

Total number of Company shares held:

0

► **Directorships and other positions held in other companies**

None

► **Directorships and other positions expired during the last five years**

Elected deputy secretary of Hachette Livre's Economic and Social Committee

CFDT union representative for Hachette Livre's Economic and Social Unit

Secretary of the Group and European Works Councils of Lagardère

SNLE-CFDT union representative

Pascal Jouen

Employee director
Member of the *ad hoc* Committee

Pascal is a graduate of the École des Beaux-Arts in Angoulême and has been a sales executive with Larousse since 1991.

He has held a number of different positions within the employee representative bodies of Larousse and the Lagardère group.

Nationality: French

Date of birth: 28 October 1962

Total number of Company shares held:

47

► **Directorships and other positions held in other companies**

In France:

Deputy Mayor of Saint-Martial de Valette

Representative of the Périgord Vert group of municipalities

► **Directorships and other positions expired during the last five years**

CFDT union representative

CFDT union representative on the Group Employees' Committee

Deputy Secretary of Larousse's Economic and Social Committee

Deputy CFDT union representative on the International Works Committee

1 2 3 4 5 6 7 8

Véronique Morali

Independent director
Chair of the Audit Committee
Chair of the ad hoc Committee
Member of the Appointments, Remuneration and CSR Committee

Nationality:
French

Date of birth:
12 September 1958

Total number of Company shares held:

150

Véronique Morali holds a master's degree in business law and is a graduate of the Institut d'Études Politiques de Paris and the ESCP business school. She joined the ENA and the Inspection Générale des Finances (French Inspectorate of General Finances), which she left in 1990 to join Marc Ladreit de Lacharrière when he founded Fimalac. As a Board member and the General Manager of Fimalac from 1990 to 2007, she played a major role in defining the strategy and international expansion of this listed group with its founder. Véronique Morali is currently a member of the Executive Committee of Fimalac and Chair of Fimalac Développement.

Since 2013, she has been Chair of the Management Board of Webedia, Fimalac's digital division and a key player in the French media and digital landscape, building a unique global network of media, talent, events and services on the strongest themes in entertainment and leisure.

Alongside her activities at Fimalac, in 2005 she co-founded Force Femmes, a non-profit association, which she chairs, with the aim of accompanying and supporting women over 45 in their efforts to return to work and create their own business. From 2011 to 2014, Véronique Morali was Chair of the Women's Forum for the Economy and Society. She is also a co-founder of Women Corporate Directors Paris (a network of women board members) and a member of Siècle.

► Directorships and other positions held in other companies

In France:

Chair of the Management Board of Webedia

Member of the Executive Committee and Director of Development, Fimalac

Member of the Supervisory Board, the Audit Committee, the Risk Committee and the Remuneration Committee, Edmond de Rothschild SA (France)

Member of the Board of Directors, Fondation Nationale des Sciences Politiques

Chief Executive Officer, Webco

Chair, Force Femmes

Member, Le Siècle association

Outside France:

Chair, Fimalac Développement

► Directorships and other positions expired during the last five years

Permanent representative of Fimalac Développement on the Board of Directors, Groupe Lucien Barrière SAS

Member of the Board of Directors and Chair of the Compensation Committee, Edmond de Rothschild SA

Member of the Supervisory Board, the Audit Committee, and the Compensation Committee, Publicis Groupe (listed company)

Member of the Board of Directors, the Human Resources and Remuneration Committee, CCEP (formerly Coca-Cola Entreprises Inc.) (listed company)

Vice-Chair of the Board, Directors, Fitch Group, Inc.

Chair and CEO, Ring Média SAS

	Member of the Board of Directors, Edmond de Rothschild SA (Switzerland)	Member of the Supervisory Board, Edit Place SAS Member of the Supervisory Board, Tradematic SA Member of the Strategic Committee, Pour de Bon General Manager, Webedia International Sarl (Luxembourg) Member of the Board of Directors, SNCF Mobilités (EPIC) Director, Melberries Representative of Multi Market Services France Holding on the shareholders' committee, Wefcos Chair, Clover SAS Co-Managing Partner, Clover Morel SARL Chair, Clover MDB SAS Member of the Board of Directors, Edmond de Rothschild SA

Arnaud de Puyfontaine

Director

Nationality: French

Date of birth: 26 April 1964

Total number of Company shares held:

150

Arnaud de Puyfontaine is a graduate of ESCP Business School (1988), Institut Multimédias (1992) and Harvard Business School (2000). He started his career as a consultant at Arthur Andersen and then in 1989 worked as a project manager at Rhône-Poulenc Pharma in Indonesia. In 1990, he joined *Le Figaro* as Executive Director. In 1995, as a member of the founding team of the Emap Group in France, he headed *Télé Poche* and *Studio Magazine*, managed the acquisition of *Télé Star* and *Télé Star Jeux*, and launched the Emap Star Division, before becoming Chief Executive Officer of Emap France in 1998. In 1999, he was appointed Chairman and Chief Executive Officer of Emap France, and, in 2000, joined the Executive Board of Emap plc. He led several M&A deals, and concomitantly, from 2000 to 2005, served as Chairman of EMW, the Emap/Wanadoo digital subsidiary. In August 2006, he was appointed Chairman and Chief Executive Officer of Editions Mondadori France. In June 2007, he became General Manager of all digital business for the Mondadori group.

In April 2009, Arnaud de Puyfontaine joined US media group Hearst as Chief Executive Officer of its UK subsidiary, Hearst UK. In 2011, on behalf of the Hearst group, he led the acquisition from the Lagardère group of 102 magazines published abroad, and, in June 2011, was appointed Executive Vice President of Hearst Magazines International. In August 2013, he was appointed Managing Director for Western Europe. He has also been Chairman of ESCP Europe Alumni. From January to June 2014, Arnaud de Puyfontaine was a member of the Vivendi Management Board and Senior Executive Vice President in charge of its media and content operations. Since 24 June 2014, he has been Chairman of the Management Board of Vivendi.

► Directorships and other positions held in other companies

In France:

Chairman of the Management Board, Vivendi (listed company)

Member of the Supervisory Board, Canal+ Group

Director, Havas

Chairman of the Board of Directors, Editis Holding

Chairman of the Board of Directors, Prisma Media

Member of the Advisory Committee, Innit

Honorary Chairman, French-American Foundation

Outside France:

► Directorships and other positions expired during the last five years

Chairman of the Supervisory Board, Universal Music France

Director, Universal Music Group, Inc.

Chairman of the Board of Directors, Antinea 6

Permanent representative of Vivendi on the Supervisory Committee, Banjay Group

Chairman, French-American Foundation

Executive Chairman, member and Vice Chairman of the Board of Directors, Telecom Italia SpA

Non-executive Chairman, Gloo Networks Plc

Director, Schibsted Media Group

	Director, Telecom Italia SpA (Italy) (listed company)	

Nicolas Sarkozy

Independent director

Member of the Appointments, Remuneration and CSR Committee
Member of the *ad hoc* Committee

Nationality:
French

Date of birth:
28 January 1955

Total number of Company shares held:

1,301

Nicolas Sarkozy was the 6th President of France's Fifth Republic (2007-2012).

Mayor of Neuilly-sur-Seine (1983-2002), National Assembly Representative for Hauts-de-Seine (1988-2002), President of the General Council for Hauts-de-Seine (2004-2007), Minister for the Budget (1993-1995), Minister for Communications (1994-1995), Government spokesman (1993-1995), Minister of the Interior, Internal Security and Local Freedoms (2002-2004), Minister of State, Minister for the Economy, Finance and Industry (2004), Minister of State, Minister of the Interior and Town and Country Planning (2005-2007). He was also the elected leader of French political parties UMP (2004-2007) and Les Républicains (2014-2016).

A trained lawyer, Nicolas Sarkozy is married and has four children. He is the author of several books, including *Libre, Témoignage, La France pour la vie*, *Tout pour la France, Passions, Le Temps des Tempêtes* and *Promenades*. He also provides consulting services to several international groups (Member of the Natixis International Advisory Network, Chairman of the Advisory Board of Corsair (listed company), as well as to the Management Committee of the Marietton group. Nicolas Sarkozy sits on the advisory boards of Axian, Chargeurs (listed company) and SPAO Reso Garantia.

▶ Directorships and other positions held in other companies

In France:

Director and Chairman of the International Strategy Committee, Accor (listed company)

Director and member of the Strategy Committee, Lucien Barrière group SAS

Member of the Supervisory Board, LGI – Lov Group Invest

Outside France:

N/A

▶ Directorships and other positions expired during the last five years

Chief Executive Officer, CSC SELAS

Pierre Leroy

Board Advisor

Deputy Chief Executive Officer

Nationality: French

Date of birth: 8 October 1948

Total number of Company shares held:

105,135

Pierre Leroy is a graduate of the École Supérieure de Commerce de Reims business school and holds a degree in law. He has spent his entire career with the Lagardère group.

He was appointed Director and Chief Executive Officer of MMB (which became Lagardère SCA and then Lagardère SA) in 1987, then Chairman and Chief Executive Officer of Lagardère Sociétés in 1988 and Secretary General of the Lagardère group in 1993.

He was appointed Co-Managing Partner of Lagardère SCA in March 2004, and then Deputy Chief Executive Officer of Lagardère SA on 30 June 2021.

He has also served as Chairman and Chief Executive Officer of Hachette Livre since March 2021.

► Directorships and other positions held in other companies

In France:

Chairman and Chief Executive Officer of Hachette Livre

Permanent representative of Hachette Livre at the Board of Directors, Librairie Arthème Fayard

Permanent representative of Hachette Livre at the Board of Directors, Calmann Levy

Permanent representative of Education Management at the Board of Directors, Librairie Générale Française

Permanent representative of Hachette Livre at the Board of Directors, Audiolib

Director, Société des Éditions Grasset & Fasquelle

Director, Deputy Chairman and Chief Operating Officer, Lagardère Media

Chairman and Chairman of the Board of Directors, Lagardère Ressources

Member of the Supervisory Board, Lagardère Travel Retail

Member of the Supervisory Board, Lagardère Active

Chairman of the Supervisory Board, Société d'Exploitation des Folies Bergère

► Directorships and other positions expired during the last five years

Representative of Lagardère Participations, Chairman of Hélios

Director, Ecrinvest 4

Chairman, Holpa

1 2 3 4 5 6 7 8

	Chairman, Lagardère Participations Chairman, Lagardère Expression Chairman, Dariade Chairman, Sofrimo Chairman, Lagardère Live Entertainment Deputy Director, Fondation Jean-Luc Lagardère Chairman and Chairman of the Board of Directors, Lagardère Paris Racing Ressources Director, Secretary General and Treasurer, Association des Amis de la Croix-Catelan (non-profit organisation) (formerly Lagardère Paris Racing Ressources sports association) Secretary General and member of the steering committee, Lagardère Paris Racing sports association (non-profit organisation) Chief Operating Officer, Lagardère Capital SAS (formerly Lagardère Capital & Management) Executive Vice President and Director, Arjil Commanditée-Arco Chief Executive Officer, Lagardère Management Chairman, IMEC (Institut Mémoires de l'Édition Contemporaine) Chairman, Mémoire de la Création Contemporaine Endowment Fund Chairman of the jury for the Prix des Prix literary awards Chairman of the jury for the Prix de la littérature arabe literary awards Director, Bibliothèque nationale de France Endowment Fund Member of the Board of Syndicat national de l'édition, the French publishing union Outside France: Director, Lagardère Active Broadcast	

	Director, Lagardère UK Ltd. Director, Hachette UK (holdings) Limited (UK) Chairman and Chief Executive Officer, Hachette Livre España (Spain) Chairman of the Board and Director, Hachette Livre USA (USA)	

C) CHANGES IN MEMBERSHIP IN 2021

Changes in the membership of the Board of Directors and the Board Committees in the second half of 2021

At 31 December 2021

	Departures	Appointments	Re-appointments
Board of Directors	Joseph Oughourlian (15 Dec. 2021)	–	–
Audit Committee	–	–	–
Appointments, Remuneration and CSR Committee	–	Noëlle Genaivre, employee director (17 Dec. 2021)	–
Ad hoc Committee	–	Véronique Morali (appointed Committee Chair on 17 Dec. 2021) Valérie Bernis (17 Dec. 2021) Nicolas Sarkozy (17 Dec. 2021) Pascal Jouen (17 Dec. 2021) Arnaud Lagardère (17 Dec. 2021) Pierre Leroy (17 Dec. 2021)[1]	–

[1]Pierre Leroy, Board Advisor, also sits on the *ad hoc* Committee in a non-voting capacity.

At its meeting on 16 February 2022, the Board of Directors co-opted René Ricol to fill the seat vacated by Joseph Oughourlian, by unanimous decision taken on the recommendation of the Appointments, Remuneration and CSR Committee, after confirming that he qualified as an independent director with the assistance of an external firm, and having considered that René Ricol's exceptional career achievements, distinguished expertise, especially in finance and strategy, and in depth knowledge of the Lagardère group and the industries in which it operates, would be assets for the Board of Directors and for the Group as a whole.

Other than this co-optation, which the Annual General Meeting of 22 April 2022 will be asked to ratify, no significant changes are currently planned in the membership of the Board of Directors.

In the context of the proposed tender offer filed by Vivendi SE on 21 February 2022, Vivendi SE has declared that it does not intend to request the appointment of additional directors until the takeover of the Company is cleared by the competent competition authorities, in the event that the offer is successful.

D) DIVERSITY OF DIRECTORS' PROFILES

In line with (i) the agreements entered into with the Company's main shareholders[1] on 27 April 2021as part of the project to convert the Company's legal form, and (ii) the proposals put to the Company's shareholders in the presentation of that project, at the 30 June 2021 Annual General Meeting, the shareholders appointed the following nine directors:

- put forward by Arnaud Lagardère: Arnaud Lagardère and two independent directors: Véronique Morali and Nicolas Sarkozy;
- put forward by Vivendi: Arnaud de Puyfontaine and two independent directors – Virginie Banet and Laura Carrere;
- put forward by Qatar Holding LLC: Fatima Fikree;
- put forward by Amber Capital: Joseph Oughourlian;
- put forward by Financière Agache: Valérie Bernis, independent director.

From the date it was set up until Joseph Oughourlian resigned on 15 December 2021, the Board of Directors comprised 11 members, including two employee directors who were elected in advance by the Group Employees' Committee on 19 May 2021 and one Board Advisor (Censeur).

The Company is committed to promoting diversity and inclusion, and therefore has a zero-tolerance policy for all forms of discrimination. The Board of Directors pays particular attention to its membership and to the composition of its Committees.

To ensure that it has an optimal range of skills for the work it conducts, the Board has a policy of recruiting members with diverse profiles, in terms of managerial, financial, legal, governance or CSR expertise, or in terms of experience or knowledge of the Group's businesses.

The Board also seeks to recruit members with international experience and from varied cultures, so that its duties are carried out objectively, open-mindedly and in a collegial manner.

This fair representation of skills and profiles is essential for the Board to operate effectively and allows for full and open discussion.

In addition, the membership of the Board of Directors and the Board Committees is reviewed each year by the Appointments, Remuneration and CSR Committee, which reports its findings to the Board of Directors and puts forward recommendations in this regard.

Furthermore, the Board will perform a review of its composition, organisation and operations, as well as those of its Committees, for the first time in 2022, after a full year of operation, and then once a year, through a periodic assessment conducted with the assistance of an external consultant.

A formal description of the diversity policy for Board members is provided below pursuant to article L. 22-10-10 of the French Commercial Code:

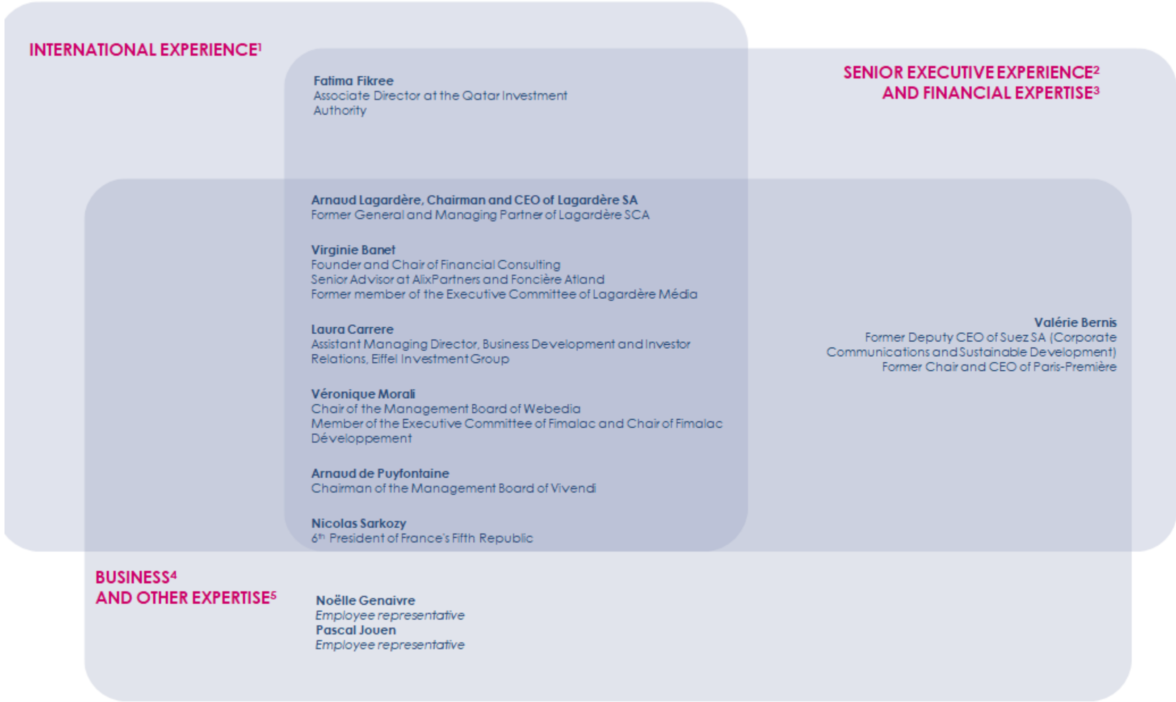
[1] Arnaud Lagardère, Vivendi, Qatar Holding LLC, Amber Capital and Financière Agache.

Criteria	Objectives	Basis for implementation and 2021 results
Size of the Board	Maintain a reduced number of Board members, including appointments required by law (employee director) to ensure efficient operations in line with the Company's shareholding structure.	On 30 June 2021, it was decided that the Company's Articles of Association in its new form as a joint-stock company would specify that the Board should comprise a minimum of eight and a maximum of nine members plus the employee director(s). From the date it was set up, the Board comprised nine members (not including employee directors). On 31 December 2021, following Joseph Oughourlian's resignation, the Board reached the minimum number of members required, i.e., eight members (not including employee representative members).
Age limit	Pursuant to article 11 3.) of the Articles of Association, no more than one-third of the members of the Board of Directors in office may be over 75 years old.	No member of the Board of Directors in office was aged over 75.
Gender balance	At least 40% of members are women. For Board of Directors comprised of eight members, gender balance is reached when the gap between the number of members of each gender is not more than two, in accordance with article L. 22-10-3 of the French Commercial Code.	From the date it was set up, the Board comprised four men and five women (not including employee directors), i.e., 55%[1] are women. On 31 December 2021, following Joseph Oughourlian's resignation, the proportion of women on the Board increased to 62.5%[1] but the gap between the number of female members (five) and male members (three), equal to two, remains consistent with the law.
Availability	The availability of members of the Board of Directors must be sufficient to allow the Board and its Committees to operate effectively.	In 2021, the average attendance rate of members at meetings of the Board of Directors was 98%[2]. (100% for the Audit Committee and 91.75%[2] for the Appointments, Remuneration and CSR Committee and 80 %[2] for the *ad hoc* Committee*).

Qualifications and professional experience **Nationality, international experience**	The Board must have diverse profiles with senior management experience; financial, managerial, legal, social or CSR expertise; and knowledge of the Group's businesses. They must have international experience and knowledge of the countries in which the Group conducts its business, or in which it wishes to develop.	The diagram below reflects this diversity.
Independence	At least half of members must be independent pursuant to the Afep-Medef Corporate Governance Code.	From the date it was set up, 55%[1] Board members are independent. On 31 December 2021, 62.5%[1] of Board members are independent.
Employee representation on the Board	In accordance with the French "Pacte law" of 22 May 2019, two employee representative members must be appointed to the Board as Directors when the number of the other Board members (appointed by the shareholders) exceeds eight, and one employee director must be appointed as Director when the number of the other Board members is equal to or less than eight.	Election in advance by the Group Employees' Committee of Noëlle Genaivre and Pascal Jouen on 19 May 2021 who entered in office on 30 June 2021. The Board was reduced to eight Directors following Joseph Oughourlian's resignation on 15 December 2021. This reduction does not affect the directorships of the Board's two employee directors.

[1] Excluding the Board Advisor and employee directors.
[2] Excluding the Board Advisor.

In view of the above, the Board of Directors has a combination of expertise, experience and valuable skills that enable it to fully carry out its roles and responsibilities wholly independently of the Company's Executive Management.



[1] Any significant work carried out in France or elsewhere, which has, or has had, an extraterritorial nature/any function carried out abroad/any person of foreign nationality.
[2] Significant experience in executive management (Chief Executive Officer, Deputy Chief Executive Officer, Vice-Chairman, etc.) or as a senior manager within the meaning of Article L.3111-2 of the French Labour Code (or its equivalent outside France) or as a member of a management body (Executive Committee, Management Committee, etc.) within the meaning of Article L.23-12-1 of the French Commercial Code (or its equivalent outside France).
[3] Significant experience in the financial sector (banking, accounting, financial markets), capital management or risk management.
[4] Publishing/Media/Distribution/Travel Retail.

E) DIRECTOR INDEPENDENCE

In accordance with the Afep-Medef Code, it is important for the Board to have a significant proportion of independent directors.

Once a year, therefore, the Appointments, Remuneration and CSR Committee assesses the independence status of each Board member, based on an analysis matrix containing the independence criteria set out in the Afep-Medef Code. Qualification as an independent director is also reviewed when a new director is appointed or a serving director is re-appointed.

The Board of Directors may however deem that a director who does not meet the applicable independence criteria is nevertheless independent, in which case it must explain why.

A director is independent when he or she has no relationship of any kind with the Company, the Group or its management that could compromise the exercise of their freedom of judgement or that could place him/her in a situation of conflict of interest.

The Board of Directors assessed the independence status of its members based on the following criteria set out in the Afep-Medef Code:

- ▶ not to be or not to have been in the previous five years:
  - an employee or executive corporate officer[1] of the Company;
  - an employee, director or executive corporate officer of an entity that the Company consolidates;
  - an employee, director or executive corporate officer of the Company's parent company, or of a company consolidated by that parent company.
- ▶ Not to be an executive corporate officer of an entity in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or an executive corporate officer of the Company (currently in office or having held such office within the last five years) holds a directorship.

[1] In accordance with the Afep-Medef Code, for joint stock companies with a Board of Directors, the term "executive corporate officer" refers to the Chairman and Chief Executive Officer, the Chief Executive Officer and the Deputy Chief Executive Officer(s).

- Not to be a customer, supplier, investment banker, commercial banker or consultant[1]:
  - that is significant to the Company or the Group,
  - or for which the Company or the Group represents a significant proportion of its activities.

  The question of whether or not the relationship a director may have with the Company or the Group is significant is reviewed by the Appointments, Remuneration and CSR Committee and then debated by the Board.
- Not to be related by close family ties to a corporate officer.
- Not to have been a Statutory Auditor of the Company within the previous five years.
- Not to have been a director of the Company for more than 12 years.
- Not to be a non-executive corporate officer receiving variable remuneration in cash or in the form of securities or any remuneration linked to the performance of the Company or the Group.
- not to be or represent a shareholder holding more than 10% of the Company's share capital or voting rights, alone or in concert.

The Appointments, Remuneration and CSR Committee reviewed the independence status of each Board member at its meeting on 11 February 2022.

This review included an assessment of whether or not any business relationships that may exist between the Company and certain directors are significant. For this purpose, the Committee examined the nature of the relationships concerned (type of services, exclusivity, etc.) as well as the amounts of the transactions carried out with the groups in which the directors held management positions during the year, which it compared to the revenue of the entities concerned.

The Board considered that the business relationship between Lagardère Ressources, a subsidiary of the Company, and the Realyze law firm – of which Nicolas Sarkozy is a founding partner (it being specified that the contract was entered into well before Nicolas Sarkozy's appointment to the Board and that he himself does not, directly or indirectly, provide any legal advisory services to the Group), in light of the volume of business assigned to the law firm and the attendant fees paid to that firm – was not material to the Group or to Realyze, and that, accordingly, Nicolas Sarkozy qualifies as an independent member.

In addition, the Board of Directors noted the qualification as non-independent members of Fatima Fikree and Arnaud de Puyfontaine, representing Qatar Holding LLC and Vivendi SE, respectively, both major shareholders of the Company holding more than 10% of the share capital and voting rights, as well as Arnaud Lagardère, executive corporate officer of the Company, and on this basis alone, not independent within the meaning of the Afep-Medef Code.

Accordingly, based on the analysis carried out by the Appointments, Remuneration and CSR Committee on the individual situation of each member of the Board of Directors in light of the independence criteria set out in the Afep-Medef Code and their own statement, at its meeting on 16 February 2022, the Board of Directors confirmed that five of its eight members (excluding employee directors), representing an independence rate of 62.5%, qualify as independent members: Véronique Morali, Laura Carrere, Valérie Bernis and Virginie Banet as well as Nicolas Sarkozy (see a summary of the independence criteria detailed in the table below).

[1] Or to have direct or indirect links to such persons or entities.

Summary table of Board of Director members' compliance with the independence criteria set out in the Afep-Medef Code

	A. Lagardère	Virginie Banet	V. Bernis	L. Carrere	F. Fikree	N. Genaivre*	P. Jouen*	V. Morali	A. de Puyfontaine	N. Sarkozy
Independence criteria set out in the Afep-Medef Corporate Governance Code										
Not to be and not to have been in the previous five years, an employee or executive corporate officer of the Company	N/A	✓	✓	✓	✓	N/A	N/A	✓	✓	✓
Not to hold cross-directorships in the Company	N/A	✓	✓	✓	✓	N/A	N/A	✓	✓	✓
Not to have significant business relationships with the Company	N/A	✓	✓	✓	✓	N/A	N/A	✓	✓	✓
Not to have family ties within the Company	N/A	✓	✓	✓	✓	N/A	N/A	✓	✓	✓
Not to have been a Statutory Auditor within the previous five years	N/A	✓	✓	✓	✓	N/A	N/A	✓	✓	✓
Not to have been a member of the Board of Directors for more than 12 years	N/A	✓	✓	✓	✓	N/A	N/A	✓	✓	✓
Status of non-executive corporate officer	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Status of major shareholder	N/A	✓	✓	✓	X	N/A	N/A	✓	X	✓
Conclusion	Not independent	Independent	Independent	Independent	Not independent	N/A	N/A	Independent	Not independent	Independent

* Employee director.

2.2.2.2 Board of Directors' Rules of Procedure and operation

The terms and conditions that apply to the organisation and operation of the Board of Directors and its Committees are set out in the Board's Rules of Procedure, which also define and specify the duties incumbent on each member, as well as the code of conduct that each individual member is required to respect. These Rules of Procedure were adopted by the Board of Directors on 30 June 2021 and are set out in full in Appendix A2 to this chapter.

The Rules of Procedure contain ring-fencing measures designed to prevent any disclosure of sensitive information and, more generally, any unlawful agreements between competitor companies within the Company's Board of Directors and its Committees.

In addition, pursuant to article L. 22-10-10, 6° of the French Commercial Code, an internal charter will soon be submitted for approval by the Board of Directors, designed to set out the methodology for (i) identifying and qualifying agreements subject to the procedure for related-party agreements at the level of the Company prior to entering into force, renewal or termination, and (ii) regularly assessing whether agreements relating to ordinary operations and entered into on arm's length terms meet these conditions.

In accordance with article L. 22-10-12 of the French Commercial Code, the criteria and procedure for assessing the terms and conditions of ordinary agreements entered into on arm's length terms will be reviewed periodically by the Board of Directors.

2.2.2.3 Work of the Board of Directors in the second half of 2021

The Board of Directors' work is prepared and organised within the legal and regulatory framework applicable to French joint-stock companies, the Company's Articles of Association, and the Board of Directors' Rules of Procedure which specify its operating procedure and that of the Board Committees.

During 2021, and since it was formed on 30 June 2021, the Board of Directors met five times with an average attendance rate of 98%. Each Board meeting lasted three hours on average.

The Board meets regularly to review the financial position and operations of the Company and its subsidiaries, the interim financial statements, the outlook for each business taking into account CSR goals and imperatives, and the Group's overall business strategy.

Between meetings, the Board members were regularly kept updated and informed of events that were significant for the Company or which represented material amounts. They also received press releases published by the Company and analysts' reports.

Between 30 June 2021 and 31 December 2021, the Board's work mainly focused on:

Group business and finance:

- implementing the share buyback programme approved by the General Meeting;
- reviewing the interim financial statements and the Group's general situation and strategy;
- approving the 2021 interim financial report and amendment to the Company's Universal Registration Document;
- receiving the presentation of the Group's 2021-2024 strategic plan;
- deciding on a bond issue and bond buyback;
- approving the 2022-2024 budget;

Governance, appointments and remuneration:

- adopting the Board's Rules of Procedure;
- defining the terms and conditions for the exercise of the Company's General Management and appointing the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer;
- selecting the members and Chairs of the Board Committees;
- appointing the Secretary of the Board of Directors and the Ring-fencing Officer;
- setting the criteria and objectives for the variable components of the remuneration of the Chairman and Chief Executive Officer and Deputy Chief Executive Officer for 2021, in accordance with the policies approved by the General Meeting;
- setting up free share and performance share plans in accordance with the authorisations given by the General Meeting;
- approving the implementation of a new supplementary pension plan for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer in compliance with the policies approved by the General Meeting;
- reviewing the Group's investment and divestment process;
- appointing Noëlle Genaivre, an employee director, as a member of the Appointments, Remuneration and CSR Committee;
- selecting a new Statutory Auditor to be proposed at the 2023 General Meeting to replace Ernest & Young et Autres;

Corporate social responsibility:

- reviewing the Group's CSR roadmap.

Notices, authorisations and other duties:

- acknowledging Vivendi SE's proposed acquisition of Amber Capital's stake and launch of a public tender offer for the Company's shares;

- authorising the signing of a Clean Team confidentiality and cooperation agreement between the Company and Vivendi SE under article L. 225-38 of the French Commercial Code, aimed at controlling reciprocal exchange of information between the Company and Vivendi SE necessary for the preparation of the regulatory filings required under this transaction;
- appointing an *ad hoc* Committee in connection with Vivendi SE's proposed public tender offer; and
- appointing the firm Eight Advisory as independent expert for the same purpose.

The Board of Directors also regularly examined the Committees' reports on their work.

Members' attendance at Board of Directors and Committee meetings in the second half of 2021

Board Member	Board of Directors	Audit Committee	Appointments, Remuneration and CSR Committee	*Ad hoc Committee (1 meeting in 2021)*
Valérie Banet	100%	100%	100%	-
Valérie Bernis	100%	100%	-	100%
Laura Carrere	100%	-	100%	-
Arnaud de Puyfontaine	100%	-	-	-
Fatima Fikree	100%	100%	-	-
Noëlle Genaivre	100%	-	-	-
Pascal Jouen	100%	-	-	100%
Arnaud Lagardère	80%	-	-	0%
Pierre Leroy	80%	-	-	0%
Véronique Morali	100%	100%	100%	100%
Joseph Oughourlian	100%	-	-	-
Nicolas Sarkozy	100%	-	67%	100%

2.2.3 BOARD COMMITTEES

Some domains of the Board's work are prepared by specialised Committees, whose members are directors appointed to the Committee by the Board for the duration of their directorship. These specialised Committees examine the matters falling within their remit or any issues referred to them by the Board, report regularly to the Board of Directors on their work, to whom they submit their observations, opinions, proposals and recommendations. The Board relies on the work of its Committees throughout the course of the year.

The Board has set up three Committees: the Audit Committee, the Appointments, Remuneration and CSR Committee and more recently, further to the announcement of Vivendi SE's proposed public offer for the Company's shares, the *ad hoc* Committee.

The main organisational and operational procedures of the first two Committees are set out in the Board of Directors' Rules of Procedure

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A) AUDIT COMMITTEE

Members	**Véronique Morali (Chair)** **Valérie Bernis** **Virginie Banet** **Fatima Fikree** Audit Committee members are appointed for their financial and/or accounting skills, assessed with particular regard to their past career (positions held in general or financial management or in an audit firm), academic background or specific knowledge of the Company's business. At 31 December 2021, three-quarters of the Audit Committee members were independent (see table above). Between 30 June and 31 December 2021, the Audit Committee met three times with a 100% attendance rate.
Main tasks	The duties of the Audit Committee are described in the Board of Directors' Rules of Procedure provided in Appendix A2.
Main work in 2021	- reviewing the half-year and third quarter 2021 financial statements; - reviewing the 2021 Interim Financial Report; - reviewing the 2021-2022 financial communication calendar; - reviewing the financial reporting processes; - reviewing the cash management policy; - reviewing the organised oversight of risk and internal control within the Group, the Group's risk map and internal control systems, the results of the internal control self-assessment and the progress of the compliance programs; - reviewing the work of the internal Audit Department and the 2022 audit plan; - reviewing information systems security: the 2021 status report and the programme progress report; - review of summary of financial commitments analysis approved by the Financial Committee for Lagardère Publishing - reviewing the Group's litigation/disputes; - recommending to the Board the selection of a Statutory Auditor to replace Ernst & Young et Autres; - reviewing the 2022-2024 budget/business plan. In addition, at each of its meetings, the Audit Committee followed up on financing issues, savings plans, key performance indicators of the Group and of the divisions, analyst consensus and pre-approved non-audit services. The Audit Committee meetings were attended by the Group Secretary General and Committee Secretary, the Chief Financial Officer, the Head of Risk Management, Compliance and Internal Control, the Internal Audit Director, the Accounting Director, the Group Management Control Director and the Statutory Auditors. Depending on the issues discussed, other executives were asked to provide input on

	an as-needed basis, including the Group IT Director, the Head of the Legal Department, the Head of Financing and Investor Relations, and the divisions' management, as well as certain members of their teams.

B) APPOINTMENTS, REMUNERATION AND CSR COMMITTEE

Members	**Virginie Banet (Chair)** **Laura Carrere** **Véronique Morali** **Nicolas Sarkozy** **Noëlle Genaivre** At 31 December 2021, all of the members of the Appointments, Remuneration and CSR Committee were independent directors (see table above). The employee director also sat on this Committee during the year. Between 30 June and 31 December 2021, the Audit Committee met three times with a 91% attendance rate.
Main tasks	The duties of the Appointments, Remuneration and CSR Committee are described in the Board of Directors' Rules of Procedure set out in Appendix A2.
Main work in 2021	- reviewing the Group's CSR policy, the main CSR risks and opportunities and the key lines of CSR communication; - reviewing the Group's carbon footprint report and carbon trajectory; - review of the ESG reporting processes; - reviewing and following up on the Company's ESG ratings; - reviewing the remuneration policy for executive corporate officers with the assistance of an external advisor; - preparing the 2021 free share and performance share; plans; - reviewing a new supplementary pension plan for the Company's executive corporate officers; - reviewing D&O insurance policies covering the Group's corporate officers; - reviewing the proposed appointment of Noëlle Genaivre to the Committee. These meetings took place in the presence of the Group Secretary General and Committee Secretary and, when discussions fell within their areas of expertise, the Head of Sustainable Development and CSR and the Deputy Director of Non-Financial Reporting and Environmental Responsibility, as well as the divisions' CSR correspondents.

C) AD HOC COMMITTEE

Members	**Véronique Morali (Chair)** **Valérie Bernis** **Nicolas Sarkozy** **Pascal Jouen** **Arnaud Lagardère** **Pierre Leroy** Pierre Leroy, Board Advisor, also sits on the *ad hoc* Committee in a non-voting capacity. At 31 December 2021, 80% of the *ad hoc* Committee members were independent (see table above). Between 17 December 2021 – when it was formed – and 31 December 2021, the Committee met once with an 80% attendance rate.
Main tasks	- recommendation from the independent expert appointed by the Board of Directors; - following up on the independent expert's work; - review of the terms and conditions of Vivendi SE's proposed public tender offer; - assistance from the Board of Directors in drafting the reasoned opinion on Vivendi SE's proposed public tender offer; - follow-up of Vivendi SE's proposed acquisition of the Company, review of any questions and/or comments from the shareholders, recommendations regarding any important Company decision in relation to the offer and/or procedures with the competition authorities and the French broadcasting regulator (*Autorité de régulation de la communication audiovisuelle et numérique*, Arcom, resulting from the merger of the CSA and Hadopi).
Main work in 2021	- selecting the firm Eight Advisory appointed by the Board of Directors as independent expert in relation to the proposed public tender offer.

2.2.4 ASSESSMENT OF THE MEMBERSHIP STRUCTURE AND OPERATING PROCEDURES OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

In accordance with the Afep-Medef Code, the Board of Directors will carry out an annual assessment of its composition, organisation and operations, as well as those of its Committees, notably in order to evaluate the preparation and quality of their respective work. Individual assessments will also be conducted for each director in order to appraise their individual contribution to the work of the Board and any Committee of which they are a member.

As the Board of Directors was set up on 30 June 2021, it was decided that the first assessment of the operations of the Board and its Committees should take place during the second half of 2022 after a full year of operation.

2.2.5 COMPLIANCE WITH THE AFEP-MEDEF CODE

The Company has applied the corporate governance principles currently laid down in the Afep-Medef Corporate Governance Code for listed companies and revised in January 2020. This code is available in the Corporate Governance section of Lagardère's website. The only recommendation not followed by the Company as at 31 December 2021:

Provision of the Afep-Medef Corporate Governance Code set aside or partially applied	Explanation
Directors' terms of office: **"The duration of directors' terms of office [...] should not exceed four years"**	Arnaud Lagardère has been appointed as Chairman and Chief Executive Officer for a six-year term in order to maintain a stable and sustainable management framework within the Company.

2.3 ADDITIONAL INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

2.3.1 DECLARATION OF NON-CONVICTION AND COMPETENCE

To the best of Lagardère SA's knowledge:

- no member of the Board of Directors has been convicted of fraud in the last five years;
- no member of the Board of Directors has been associated with any bankruptcy, receivership or liquidation proceedings in the last five years;
- in legal proceedings, Nicolas Sarkozy was sentenced by a court ruling dated 1 March 2021 to three years' imprisonment, two of them suspended, for corruption and influence-peddling. Nicolas Sarkozy has appealed this ruling and accordingly, the presumption of innocence continues to apply in all respects. This first-instance ruling in no way affects Nicolas Sarkozy's capacity to fulfil his duties as member of the Company's Board of Directors. No other member of the Board of Directors has been subject to charges or official public sanction by statutory or regulatory authorities (including designated professional bodies);
- no member of the Board of Directors has been barred by a court from acting as a member of a governing, management or supervisory body or participating in a company's business management or governance in the last five years.

2.3.2 AGREEMENTS BETWEEN A MEMBER OF THE BOARD OF DIRECTORS AND LAGARDÈRE SA OR ANY OF ITS SUBSIDIARIES

To the best of Lagardère SA's knowledge, no member of the Board of Directors has entered into a service agreement with Lagardère SA or any of its subsidiaries, with the exception of (i) the legal advisory services contract between the Realyze law firm, of which Nicolas Sarkozy is a founding partner, and the Group, and (ii) the service agreement signed between Lagardère Management (a company entirely owned by Arnaud Lagardère and managed by Arnaud Lagardère, Chairman and Pierre Leroy, CEO) and Lagardère Ressources, a subsidiary of Lagardère SA. For more details on the agreement, see section 2.7 of the Universal Registration Document.

2.3.3 CONFLICTS OF INTEREST

To the best of Lagardère SA's knowledge, there are no potential conflicts of interest between the duties of the members of the Board of Directors of Lagardère SA and their private interests and/or any other duties, except for the situation of Arnaud de Puyfontaine, Chairman of the Management Board of Vivendi SE, holding company of the Vivendi group, which competes with the business of the Lagardère group, mainly in the publishing sector and, marginally in the sectors of the press, live entertainment production, venue management and video games on mobile devices. Arnaud de Puyfontaine is subject to the ring-fencing mechanism provided for in the Lagardère SA Board of Directors' Rules of Procedure which is designed to prevent any disclosure of sensitive information and, more generally, any unlawful agreements between competitor companies within the Lagardère SA's Board of Directors and its Committees.

In addition, in the context of the proposed public tender offer announced by Vivendi SE, Arnaud de Puyfontaine refrained from participating in the deliberations at the meetings of 17 December 2021 and 21 December 2021, concerning (i) the appointment of an *ad hoc* Committee, (ii) the authorisation for the signing of a Clean Team confidentiality and cooperation agreement between the Company and Vivendi SE, in accordance with article L. 225-38 of the French Commercial Code (see the Company's release of 20 December 2021 relating to this agreement), and (iii) the appointment of the firm Eight Advisory as an independent expert. Similarly, Arnaud de

Puyfontaine will refrain from participating in the deliberations on the reasoned opinion of the Board of Directors on the proposed public tender offer filed on 21 February 2022.

2.3.4 RESTRICTIONS ON THE SALE BY MEMBERS OF THE BOARD OF DIRECTORS OR SENIOR EXECUTIVES OF THEIR INTEREST IN LAGARDÈRE SA

To the knowledge of Lagardère SA, no restriction has been accepted by the Board of Directors concerning the sale of their shares in the Company's capital after a certain period of time, except for:

- the rules for holding shares provided for in the provisions of Lagardère SA's Articles of Association and the Board's Rules of Procedure (holding of 150 shares during the term of office), which are nevertheless not applicable to employee directors;
- the rules for trading in Lagardère SA shares defined in the laws and regulations in force (black-out periods of 30 calendar days preceding the publication dates of the annual and interim results press releases and any period in relation to the possession of inside information);
- in the case of Arnaud de Puyfontaine, restrictions on trading in Lagardère SA shares and applicable reporting obligations during the pre-offer and offer periods, in connection with the proposed public tender offer announced by Vivendi SE, in accordance with articles 231-38 *et seq.* of the AMF's General Regulations.

- to the knowledge of Lagardère SA, no restriction has been accepted by the executive corporate officers concerning the sale of their shares in the Company's capital after a certain period of time, except for:
  - the rules for trading in Lagardère SA shares defined in the laws and regulations in force or in the Confidentiality and Market Ethics Charter Applicable to Lagardère group Associates;
  - in the case of Pierre Leroy, the mandatory holding period for performance share awards, pursuant to the rules set by the General Meeting and the Board of Directors in accordance with the French Commercial Code and the recommendations of the Afep-Medef Code.

2.3.5 TRANSACTIONS IN LAGARDÈRE SA SHARES BY THE CORPORATE OFFICERS DURING 2021

The following transactions in the Company's shares were disclosed in 2021 by the persons falling within the scope of article L. 621-18-2 of the French Monetary and Financial Code (information disclosed pursuant to article 223-26 of the AMF's General Regulations):

Person involved	Office	Type of transaction	Type of securities	Date of transaction	Volume	Price per share	Total amount
Arnaud Lagardère	Chairman and Chief Executive Officer	Allocation of new shares issued(i)	Shares	30 June 2021	5,000,000	0	0
		Contribution of shares to Lagardère Capital	Shares	27 August 2021	4,500,000	22.4727	101,127,150
Arjil Commandité-Arco	Legal entity related to Arnaud Lagardère, Chairman and Chief Executive Officer	Allocation of new shares issued(i)	Shares	30 June 2021	5,000,000	0	0
		Pledge	Shares	9 July 2021	5,000,000	0	0
Lagardère Capital	Legal entity related to Arnaud Lagardère, Chairman and Chief Executive Officer	Contribution in kind of shares by Arnaud Lagardère	Shares	27 August 2021	4,500,000	22.4727	101,127,150
		Disposal of shares as part of an unequal capital reduction(ii)	Shares	13 October 2021	3,910,139	22.7619	89,002,192.90
Vivendi SE	Legal entity related to Arnaud de Puyfontaine, Director	Acquisition(iii)	Shares	15 September 2021	25,305,448	24.10	609,861,296.80
		Disposal	Shares	15 September 2021	150	24.10	3,615
		Acquisition(iii)	Shares	16 December 2021	24,685,108	24.10	594,911,102.80
Arnaud de Puyfontaine	Director	Acquisition	Shares	15 September 2021	150	24.10	3,615
Amber Capital UK LLP	Legal entity related to Joseph Oughourlian, Director (until 15 December 2021)	Disposal(iii)	Shares	15 September 2021	25,305,448	24.10	609,861,296.80
		Disposal(iii)	Shares	16 December 2021	24,685,108	24.10	594,911,102.80
Joseph Oughourlian	Director (until 15 December 2021)	Acquisition	Shares	20 September 2021	150	23.20	3,480

(i) Allocation to the General Partners, Arnaud Lagardère and Arjil Commanditée-Arco, as compensation for the loss of their financial and non-financial rights, in connection with the conversion of the Company into a joint-stock company with a Board of Directors, approved by the General Meeting of the General Partners and the shareholders on 30 June 2021, of a total of 10 million new Company shares (each with a par value of €6.10), allocated in equal proportions.
(ii) Allocation by Lagardère Capital to Financière Agache of 3,910,139 Lagardère SA shares, for a price of €89,002,197.25, against the cancellation of Financière Agache's entire stake in Lagardère Capital by way of an unequal capital reduction.
(iii) Under the sale agreement of 14 September 2021, approved by the Vivendi SE Supervisory Board on 15 September 2021, Vivendi SE agreed to acquire 25,305,448 Lagardère SA shares held by Amber Capital UK, Amber Italia SGR SpA and Amber Capital UK LLP (referred to collectively as "Amber Capital"), at a price of €24.10 per share, starting from that date until 15 December 2022. By exception, Vivendi SE acquired, directly and without condition, 620,340 Lagardère SA shares held by Amber Capital. On 16 December 2021, Vivendi SE acquired 24,685,108 Lagardère SA shares held by Amber Capital.

2.4 OTHER GOVERNING BODIES

2.4.1 EXECUTIVE COMMITTEE

The Executive Committee is chaired by Arnaud Lagardère in his capacity as Lagardère SA's Chairman and Chief Executive Officer, and includes Pierre Leroy, Deputy Chief Executive Officer of Lagardère SA and Chairman and Chief Executive Officer of Hachette Livre, the heads of the divisions and the heads of the Group's major central management functions.

The role of the Executive Committee is to assist the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer in performing their duties.

It enlists the help of any of the Group's senior executives whom it considers to be of use in the accomplishment of its duties.

2.4.2 EXECUTIVE BODY GENDER BALANCE POLICY

With women making up 65% of its workforce at 31 December 2021, the Lagardère group has strong female representation and having a balanced representation of men and women in senior management positions is one of its priority commitments.

For this purpose, the Group has signed up to the UN's Women Empowerment Principles and to the StOpE initiative which aims to combat casual sexism in the workplace.

In line with this commitment and with the recommendations of the Afep-Medef Code to which the Company adheres, the General Management has adopted a diversity policy for the Group's managing bodies, which is regularly reviewed by the Board of Directors and its Appointments, Remuneration and CSR Committee.

Since the proportion of women executives of the Group reached 51% in 2020, the General Management decided to focus its efforts going forward on a smaller scope that is more representative of the Group's top management in 2021. This scope chosen takes into account the Group's specific characteristics, notably its significant decentralised structure and international exposure and corresponds to: (i) members of the Group's Executive Committee and their direct reports, (ii) members of the enlarged Executive Committees and Management Committees of Lagardère Publishing, Lagardère Travel Retail and Lagardère News, (iii) management teams of independent entities for Lagardère Travel Retail and (iv) senior executives in France for Lagardère Publishing.

Within this new scope of just over 300 people, the General Management set a **target of women making up 45% of the population by the end of 2024**. This will be achieved through several action plans, including:

- looking for an appropriate gender balance when recruiting for managerial positions, up to the short-list phase;
- preparing succession plans as part of talent reviews with a greater emphasis on gender balance;
- promoting work-life balance, including parenting;
- focusing on equal opportunity in remuneration, training and career development policies;
- providing training and awareness-raising on diversity issues and on bias caused by stereotypes for all those involved in the recruitment process;
- raising the awareness of all employees to casual sexism in the workplace through self-assessment and training campaigns;
- incorporating gender balance targets within the CSR criteria used to determine components of short- and long-term variable remuneration for the members of the Executive Committee and senior executives of the Group;
- rolling out measures via the LL Network, in particular the internal mentoring program.

Each year steering committees comprising Human Resources and CSR Directors of the divisions and Corporate Divisions review the implementation of these action plans along with the changes brought about. The Human Resources Committee is responsible for supervising action plans for the full Lagardère group scope, under the authority of the Secretary General of the Lagardère group, member of the Executive Committee.

These action plans were successful in 2021, although gender diversity remained stable in 2020 and 2021 (65% of women for 27,359 employees), the percentage of women increased significantly compared to the other populations, i.e.:

- from 56% in 2020 to 58% in 2021 for managers (6,737 people);
- from 51% in 2020 to 54% in 2021 for executive managers (547 people);
- from 42% in 2020 to 44% in 2021 for top executives (348 people), therefore ahead of the target set.

The presence of women in the Group's management bodies also increased in 2021 with:

- 43% of women on the Group's Executive Committee (versus 20% in 2020);
- 31% of women on Lagardère Travel Retail's Management Committee (compared to 18% in 2020); and
- an equal number of men and women on the Executive Committees of Lagardère News and Hachette Livre.

In accordance with French law 2021-1774 of 24 December 2021, aimed at accelerating gender balance, known as the Rixain Law, Group companies, employing each at least 1,000 employees for the third consecutive financial year, published for the first time in 2022, gaps in gender representation among (i) the population of senior managers defined in article L. 3111-2 of the French Labour Code and (ii) the members of management bodies within the meaning of article L. 23-12-1 of the French Commercial Code. These companies will also have to ensure that they reach the minimum percentage of persons of each gender for these two populations, i.e., 30% in March 2026, increasing to 40% in March 2029.

2.4.3 HUMAN CAPITAL POLICY AND SKILLS MANAGEMENT - PREPARING SUCCESSION PLANS

The Lagardère group's performance depends directly on the skills of its employees and the suitability of its resources. The Group's divisions manage their human resources independently, under shared principles and commitments (including the Group talent management policy) defined and formally established at Group level jointly with the divisions' Human Resources Directors.

This point is discussed in more detail in chapter 4 – Non-financial statement and duty of care plan of this Universal Registration Document.

Succession planning for the Group's main executives is essential to the Group's future success, as it guarantees continuity of leadership in case of a planned or unforeseen change in a key position, and, more generally, builds an internal team of managers capable of steering the Group through its long-term growth strategy.

In accordance with best corporate governance practices, succession planning and review processes have been implemented to better address these needs.

Succession plans are designed to cover different time frames:

- unforeseen situations (resignations, incapacity, death);
- planned medium-term situations (retirement, expiry of term of office);
- longer-term plans focused on identifying, partnering and training high-potential employees within the Group.

In accordance with the Board of Directors' Rules of Procedure, it is the responsibility of the Appointments, Remuneration and CSR Committee to ensure that a succession plan is drawn up for the Company's executive corporate officers.

The succession plans of the Executive Committee members proposed by the General Management are thus reviewed by the Appointments, Remuneration and CSR Committee.

In the context of this review, the Committee ensures that the plans are consistent with market practices, assesses the relevance of the proposals made and the appropriateness of the preparatory measures put in place and reports its findings to the Board of Directors.

Similar processes are put in place in the divisions to prepare succession plans for members of the Executive Committees and other key positions. These processes are also presented to the Appointments, Remuneration and CSR Committee, which carefully reviews them and reports its findings to the Company's Board of Directors.

The Appointments, Remuneration and CSR Committee conducted this first periodic review of the succession plans of the Group Executive Committee and the divisions' Committees at its meeting on 11 February 2022 and reported on its findings to the Board of Directors at its meeting of 16 February 2022.

2.5 REMUNERATION AND BENEFITS OF EXECUTIVE CORPORATE OFFICERS

Articles L. 22-10-8 *et seq.* of the French Commercial Code provide for a strict legal framework for the remuneration of corporate officers. The purpose of this section is to present (i) **the remuneration policies for the Company's executive corporate officers for 2022** and (ii) **the components of the total remuneration and benefits paid during or allocated in respect of 2021 to these corporate officers.**

These remuneration policies and components will be submitted for shareholder approval at the Annual General Meeting to be held on 22 April 2022.

2.5.1 REMUNERATION POLICIES FOR THE EXECUTIVE CORPORATE OFFICERS

2.5.1.1 Underlying principles of the remuneration policies for executive corporate officers

In accordance with the legal framework set out in articles L. 22-10-8 *et seq.* of the French Commercial Code, the remuneration policies for the executive corporate officers for 2022 were approved by the Board of Directors on the recommendation of the Appointments, Remuneration and CSR Committee at the Board's meeting on 14 March 2022.

The same procedure will be followed for any subsequent revision of the remuneration policies.

The role of the Appointments, Remuneration and CSR Committee, comprising only independent members and the employee director, is to ensure that there are no conflicts of interest when preparing, reviewing and implementing the remuneration policies.

Most of the main principles governing the remuneration policies for the Company's executive corporate officers were established in 2003, but have been regularly amended to reflect the rules of good governance.

The aim of these remuneration policies for executive corporate officers is to achieve – through their various components – a fair balance, commensurate with the work performed and the level of responsibility, between a lump-sum, recurring portion (**annual fixed remuneration**), and a portion directly related to the operating environment, strategy and performance of the Group (**annual variable remuneration and performance shares**).

Within the variable portion, a balance is also sought between the portion based on short-term objectives (**annual variable remuneration contingent on performance for the year concerned**) and the portion based on long-term objectives (**free shares subject to performance conditions assessed over a minimum period of three consecutive years, with the vesting period followed by a holding period of no less than two years**). The aim of these performance share awards is to closely align the executive corporate officers' interests with those of the Company's shareholders in terms of long-term value creation.

The underlying performance criteria applicable to both the annual variable remuneration and the performance shares are mainly **quantitative financial criteria**, which are key indicators of the Group's overall health. These criteria are a way of assessing the Group's intrinsic performance, i.e., its year-on-year progress, based on internal indicators that are directly correlated with the Group's strategy.

The variable remuneration of the executive corporate officers is also contingent on **quantitative non-financial criteria** related to the Group's key commitments under its **Corporate Social Responsibility** policy, which apply both to the short-term portion (annual variable remuneration) and the long-term portion (performance shares). The inclusion of these non-financial criteria is designed to encourage a model of steady, sustainable growth that mirrors the Group's corporate values and respects the environment in which it operates.

The annual variable remuneration of the executive corporate officers also includes a portion contingent on **qualitative criteria**, based on a set of specific priority targets assigned each year.

In addition, executive corporate officers have a conditional right to receive a **supplementary**

pension in addition to benefits under the basic state pension system. This benefit is taken into account when calculating their overall remuneration.

Lastly, **on a very exceptional basis**, bonuses may be awarded, under terms and conditions that always comply with best corporate governance principles and practices.

In light of all these elements, the executive corporate officers do not receive:

- **multi-annual variable remuneration in cash**;
- **benefits linked to taking up or terminating office**;
- **benefits linked to non-competition agreements.**

Furthermore, Arnaud Lagardère, who is a significant shareholder of Lagardère SA, does not receive any free share awards or other share options, as his stake in the Company automatically guarantees that his actions over the long term will be closely aligned with the interests of shareholders, of which he is one.

Beyond the application of market practices, the remuneration policy for executive corporate officers takes account of the remuneration and employment conditions of Company and Group personnel. Accordingly, 40% of Group employees have a variable component in their overall annual remuneration. Similarly, in accordance with best corporate governance practices, the Lagardère SA free share plans are not just restricted to executive corporate officers and senior managers. They also cover some 450 Group employees, notably young high-potential managers identified during the talent management process. In addition, for a portion of the beneficiaries of these plans, free shares are allocated subject to the achievement of the same performance conditions as those applicable to the Deputy Chief Executive Officer.

The overall policy implemented is designed to ensure **reasonable, fair and balanced remuneration**, and to create a **strong correlation between the interests of the executive corporate officers and the interests of the Company, its shareholders and all of its stakeholders**, tailored to the Group's strategy and its **performance objectives**.

In order to ensure continuity and stability in remuneration principles for both the Company and its shareholders, the initial remuneration policies adopted in 2021 to apply immediately to the Company in its new form as a French joint-stock company (*société anonyme*) as from 30 June 2021 have been structured in a strictly identical manner to the most recent policies previously applicable to the Company in its form as a French partnership limited by shares (*société en commandite par actions*) up to 30 June 2021.

As part of its duty to make recommendations to the Board of Directors on the remuneration of corporate officers, the new Appointments, Remuneration and CSR Committee appointed on 30 June 2021 nevertheless decided to review these remuneration policies, in order to assess their alignment with the rules of good governance (Afep-Medef Corporate Governance Code, AMF and HCGE recommendations on corporate governance, voting policies of proxy advisory firms, etc.), as well as with the market practices observed for various relevant panels (Next 40 index and *ad hoc* benchmark group composed of competitors from the publishing and travel retail industries). The purpose of this review was to enable the Committee to recommend to the Board changes to these policies that would also take into account the Company's new governance and the context of the public tender offer for the Company.

The Appointments, Remuneration and CSR Committee was assisted in this role by Boracay, an **external service provider** selected from among the most specialised and best-known players in the sector.

Based on this work, the following changes, detailed below, were made to the remuneration policies for executive corporate officers for 2022:

- increase in the benchmark and maximum amounts applicable to the annual variable remuneration of the Chairman and Chief Executive Officer;
- alignment of the annual variable remuneration structures for the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, with qualitative criteria now included in the Chairman and Chief Executive Officer's annual variable remuneration and an adjustment to the

respective weighting of financial and non-financial criteria; and

- adjustment of one of the criteria applicable to the performance share plans, in order to take into account the exceptional context of the public offer for the Company.

The Board of Directors may decide to make exceptions as to the application of the remuneration policies by adjusting, on the advice of the Appointments, Remuneration and CSR Committee, the objectives set and/or certain criteria applicable to the executive corporate officers' annual variable remuneration or long-term incentive instruments, provided that any such adjustment is justified by exceptional circumstances, such as a change in accounting standards, a material change in scope, the completion of a transformational transaction, a substantial change in market conditions, or an unexpected development in the competitive landscape. Any such modification of the objectives and/or criteria with the aim of ensuring that the actual performance of the Group and of the executive corporate officer continues to be reflected, would be made public and justified, notably with regard to the Group's corporate interests. In all circumstances, the payment of variable remuneration remains subject to the approval of the shareholders.

2.5.1.2 Components of the remuneration policy for the Chairman and Chief Executive Officer

2.5.1.2.A Short-term remuneration components

A) ANNUAL FIXED REMUNERATION

Annual fixed remuneration is paid in 12 equal monthly instalments over the year.

The amount of this fixed remuneration reflects the responsibilities, skills and experience of the executive corporate officer, and is reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

Arnaud Lagardère, as Chairman and Chief Executive Officer, receives **€1,140,729** in annual fixed remuneration, unchanged since 2009.

B) ANNUAL VARIABLE REMUNERATION

Annual variable remuneration is calculated as a portion of a **benchmark amount**, based on a **combination of specific criteria – both financial and non-financial – directly correlated with the Group's strategy**. Annual variable remuneration is also subject to a **cap expressed as a maximum percentage of fixed remuneration** for the same fiscal year.

In accordance with article L. 22-10-34 II of the French Commercial Code, the variable remuneration of the Chairman and Chief Executive Officer can only be paid following the approval of the General Meeting of shareholders.

Benchmark amounts, weighting of criteria and caps

For Arnaud Lagardère, who receives neither share options nor performance shares, annual variable remuneration is based on a **benchmark amount of €1,426,000 (i.e., 125% of his annual fixed remuneration).**

The following are then applied to this reference amount:

- **quantitative financial criteria (70% weighting);**
- **quantitative non-financial CSR criteria (15% weighting)**;
- **qualitative criteria (15% weighting)**.

His total annual variable remuneration **may not exceed 200% of his annual fixed remuneration**.

The target and maximum amounts of the annual variable remuneration, previously set at 123% and 150% of the fixed remuneration respectively, were increased to 125% and 200%. This increase, recommended by the Appointments, Remuneration and CSR Committee, was decided by the Board of Directors – taking into account market practices observed for the Company's panels of comparable companies – with a view to encouraging the Chairman and Chief Executive Officer to outperform, and increasing the "contingent" portion of his remuneration.

Similarly, the Board of Directors decided to introduce a "qualitative" component into the annual variable remuneration and to adjust the respective weighting of the quantitative financial and CSR criteria in order to bring this component into line with observed market practices. However, financial criteria (70%) and quantitative criteria (85%) clearly remain predominant, in full compliance with the recommendations of the Afep-Medef Code and the rules of good governance.

Quantitative financial criteria

The quantitative financial criteria underlying the Chairman and Chief Executive Officer's annual variable remuneration correspond to **two internal criteria which have an equal weighting**. These criteria reflect key indicators of the Group's solidity:

- **recurring operating profit of fully consolidated companies (recurring EBIT) (35% weighting)**;
- **free cash flow (35% weighting)**.

For each of these two criteria, the Board of Directors validates, on the advice issued by the Appointments, Remuneration and CSR Committee, the "trigger level" and "target level" for the objectives, in line with the provisional consolidated budget adopted by the Board.

For each of these two criteria:

- if the target level is achieved, 100% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion will be awarded, as calculated on a straight-line basis;
- if the target level is exceeded, the award is proportionate to the outperformance, but cannot exceed the specified aggregate annual variable remuneration cap;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion is awarded.

Quantitative non-financial CSR criteria

Three quantitative non-financial CSR criteria underlying the Chairman and Chief Executive Officer's annual variable remuneration, **each with an equal weighting**. The criteria are related to the Group's priority commitments under its Corporate Social Responsibility policy.

Each of the three criteria used must be **relevant** to the Group's CSR roadmap, **be measurable and monitored over time** using reliable systems, and **be subject to specific procedures** carried out by the independent third party in the context of its report on the Group's non-financial statement, except for external criteria based on assessments performed by an independent third party.

Each of the criteria is set by the Board of Directors on the advice of the Appointments, Remuneration and CSR Committee.

For each of the three criteria, trigger level and target level objectives are set under the same conditions. These objectives must be demanding and consistent in terms of both the Group's historical performance and changes in its operating environment.

For each of these three criteria:

- if the target level is achieved, 125% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 75% of the benchmark amount allocated to the criterion will be awarded;
- if the target level is exceeded, 150% of the benchmark amount allocated to the criterion will be awarded;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion is awarded.

For 2022, the three criteria are:

- **environmental (5%): the reduction in Lagardère's carbon footprint, as measured by the rate of CO_2 emissions from Scopes 1 & 2 and part of Scope 3 as a ratio of the workforce;** As indicated in section 4.3.2. of this Universal Registration Document, in 2022 Lagardère will conduct a detailed analysis of its Scope 3 emissions with the aim of defining a path to reduce all such emissions. Pending completion of this necessary analysis, the Group nevertheless considered it appropriate to set a specific objective in 2022 targeting some of the indirect emissions corresponding to staff travel on which it can already take effective action;

- **social (5%): improving the gender balance in executive bodies and in positions of senior responsibility, as measured by the proportion of female "top executives";**
- **ethical (5%): promoting ethical and responsible governance, as measured by the Group's regular assessment of the environmental, social and ethical performance of its suppliers and subcontractors.**

Qualitative criteria

The Board of Directors decided to include qualitative criteria in the Chairman and Chief Executive Officer's remuneration based on the following two areas, each with equal weighting:

- **rollout of the Group's strategic plan (7.5% weighting)**;
- **quality of governance and management (7.5% weighting)**, covering (i) actions to motivate and retain talent and (ii) the effective engagement of General Management in the deployment of compliance, risk management and corruption prevention programmes.

The performance levels achieved in these two areas are assessed by the Board of Directors, based on the recommendations of the Appointments, Remuneration and CSR Committee. The performance levels as recorded by the Board can raise or lower the benchmark amount set, although the **qualitative portion** of annual variable remuneration **may not under any circumstances exceed 30%** of the Chairman and Chief Executive Officer's **fixed remuneration**.

Specific trigger and target levels for each criteria were set by the Board of Directors, on the recommendation of the Appointments, Remuneration and CSR Committee. However, as this information relates to the Group's budget and internal goals (themselves not public knowledge), it is not disclosed. The level of achievement of the financial and non-financial criteria will be reported to the Annual General Meeting to be held in 2023, the approval of which will be a condition for the payment of the annual variable portion in 2023.

Summary of the annual variable remuneration of the Chairman and Chief Executive Officer
Arnaud Lagardère

	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)
Quantitative financial criteria	**70%**	**€998,200**	
Recurring operating profit of fully consolidated companies	35%	€499,100	
Free cash flow	35%	€499,100	
Quantitative CSR criteria	**15%**	**€213,900**	
CO_2 emissions	5%	€71,300	
Proportion of female top executives	5%	€71,300	
Ecovadis assessment	5%	€71,300	
Qualitative criteria	15%	**213,900**	
Rollout of strategic plan	7.5%	€106,950	**30%**
Quality of governance and management	7.5%	€106,950	
TOTAL	**100%**	**€1,426,000**	**200%**

Clawback clause

The remuneration policy applicable to the Chairman and Chief Executive Officer includes a clawback clause. This clause allows some or all of the annual variable remuneration paid to the Chairman and Chief Executive Officer to be "clawed back" under exceptional and serious circumstances.

The clawback clause is designed as an effective means of aligning the interests of management with those of shareholders. It can be activated in the exceptional event that, in the two years following payment of the annual variable remuneration, the financial data on which it was based are found to have been demonstrably and intentionally distorted. The amount clawed back in this case would represent the sums impacted by the fraud.

C) REMUNERATION AS A DIRECTOR

Like the other members of the Board of Directors, the Chairman and Chief Executive Officer receives remuneration for his duties on the Board and its committees, in accordance with the rules set out in the remuneration policy described in section 2.6 below.

2.5.1.2.B Long-term remuneration components – performance share awards

Arnaud Lagardère, who is a significant shareholder of the Company, does not receive any free share awards or other share options, as his stake in the Company automatically guarantees that his actions over the long term will be closely aligned with the interests of shareholders, of which he is one.

2.5.1.2.C Other benefits

A) BENEFITS IN KIND – BUSINESS EXPENSES

The Chairman and Chief Executive Officer is provided with a company car, the potential personal use of which corresponds to a benefit in kind.

The Chairman and Chief Executive Officer is also entitled to the reimbursement of business travel and business entertainment expenses incurred in connection with his executive duties.

B) SUPPLEMENTARY PENSION PLAN

The Chairman and Chief Executive Officer is eligible for a supplementary pension plan operated by Lagardère Management. This is a defined supplementary benefit plan as provided for in article 39 of the French Tax Code (*Code général des impôts*) and article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*).

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the statutory supplementary pension plan regime in France, **this plan was closed to new entrants as from 4 July 2019, and benefits accrued under the plan were frozen as at 31 December 2019.** No further benefits will be accrued under the plan as from that date.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 providing the beneficiary does not take up another post, (ii) long-term disability, or (iii) early retirement. In addition, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

Before the plan was frozen at 31 December 2019, its beneficiaries accrued supplementary pension entitlements at a rate equal to 1.75% of the benchmark remuneration per year of membership of the plan.

The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of 100% of the fixed portion). In addition, each annual remuneration could not exceed 50 times the annual limit defined by the French social security system i.e., a maximum amount of €2,026,200 in 2019. Each beneficiary's benchmark remuneration was frozen at 31 December 2019.

As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.

The pension entitlements were fully borne by the Company and this benefit was taken into account in determining the overall remuneration of the Chairman and Chief Executive Officer.

Under current social security laws (article L. 137-11 of the French Commercial Code), the Company is required to pay a contribution equal to 32% of the amount of the benefits, at the time that such benefits are paid.

In addition to the tax and social security contributions applicable to pensions (levied at a rate of 10.1%, of which 5.9% is tax-deductible), under current tax and social security laws, the annuities that will be paid to the beneficiaries will also be subject to the specific contribution provided for in article L. 137-11-1 of the French Social Security Code, before income tax withheld at source and any surtaxes on high incomes.

At its meeting on 17 December 2021, the Board of Directors decided, on the recommendation of the Appointments, Remuneration and CSR Committee, to set up a new "vested benefits" supplementary pension plan for 2020 and 2021 in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code. The main features of this pension plan, as set out in the remuneration policy approved by the General Meeting of 30 June 2021, are described below.

This is an individual rather than collective plan and is "portable", in that the benefits will be attached to the employee and will be carried over even in case of a change of employer.

The characteristics of this supplementary pension plan fully comply with applicable legislation and with the recommendations of the Afep-Medef Corporate Governance Code.

Under this plan, the supplementary pension benefits will vest to the Chairman and Chief Executive Officer at a rate of 1.25% of the benchmark remuneration each year.

The benchmark remuneration corresponds to the gross annual remuneration (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.

Since the maximum vesting period is 20 years, the accumulated rights are capped at 25%.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

In accordance with applicable legislation, vesting is subject to performance conditions that require an achievement rate of at least 75% for the annual financial and non-financial targets used to determine the Chairman and Chief Executive Officer's annual variable remuneration.

In accordance with the provisions of the instruction of 23 December 2020, this new plan applies with retroactive effect from 1 January 2020 and, exceptionally, the performance conditions were not applied to rights in respect of the 2020 fiscal year.

The new plan may be continued in 2022.

C) TERMINATION BENEFIT

The Company has not given any commitments to the Chairman and Chief Executive Officer in relation to granting him any termination benefits.

D) EXTRAORDINARY REMUNERATION

Bonuses may be granted to the executive corporate officers in very specific and exceptional circumstances, notably in connection with one-off transactions requiring extensive involvement of the Chairman and Chief Executive Officer, particularly when the impacts of such transactions, despite being extremely significant for the Group, cannot be taken into account in determining the variable portion of their remuneration.

The conditions of any exceptional bonus awards and payments are determined in accordance with best corporate governance practices.

Any exceptional bonus award, which must be disclosed and justified in detail, may not in any case exceed 150% of the annual fixed remuneration of the Chairman and Chief Executive Officer.

2.5.1.3 Components of the remuneration policy for the Deputy Chief Executive Officer

2.5.1.3.A Short-term remuneration components

A) ANNUAL FIXED REMUNERATION

Annual fixed remuneration is paid in 12 equal monthly instalments over the year.

The amount of this fixed remuneration reflects the responsibilities, skills and experience of the executive corporate officer, and is reviewed at relatively long intervals in accordance with the recommendations of the Afep-Medef Code.

Pierre Leroy, as Deputy Chief Executive Officer, receives **€1,474,000** in annual fixed remuneration, unchanged since 2011.

B) ANNUAL VARIABLE REMUNERATION

Annual variable remuneration is calculated as a portion of a benchmark amount, based on a **combination of specific criteria – both financial and non-financial – directly correlated with the Group's strategy**. Annual variable remuneration is also subject to a **cap expressed as a maximum percentage of fixed remuneration** for the same fiscal year.

In accordance with article L. 22-10-34 II of the French Commercial Code, the variable remuneration of the Deputy Chief Executive Officer can only be paid following the approval of the General Meeting of shareholders.

Benchmark amounts, weighting of criteria and caps

The annual variable remuneration for Pierre Leroy is based on **an aggregate benchmark amount of €600,000 (i.e., 41% of fixed remuneration)**. This amount has remained unchanged for several years.

The following are then applied to this reference amount:

- **quantitative financial criteria (70% weighting)**;
- **quantitative non-financial CSR criteria (15% weighting)**;
- **qualitative criteria (15% weighting)**.

The weighting formula has therefore been changed compared to the previous remuneration policy, in which quantifiable financial criteria had a weighting of 50%, quantitative non-financial CSR criteria 25% and qualitative criteria 25%.

This change, decided by the Board of Directors on the recommendation of the Appointments, Remuneration and CSR Committee, is designed to bring this component of remuneration into line with observed market practices.

With regard to the Deputy Chief Executive Officer, this change leads to a further increase in the financial criteria (70%) and quantifiable criteria (85%) components, both of which therefore become clearly predominant, in full compliance with the recommendations of the Afep-Medef Corporate Governance Code and the rules of good governance.

The Deputy Chief Executive Officer's annual variable remuneration is also subject to two caps:

the total annual variable remuneration **may not exceed 75% of his annual fixed remuneration**, and **the amount of the qualitative portion is capped at 25% of the annual fixed remuneration**. The qualitative portion may not therefore represent more than 33% of his maximum annual variable remuneration.

Quantitative financial criteria

The quantitative financial criteria underlying the Deputy Chief Executive Officer's annual variable remuneration are identical to those applicable to the Chairman and Chief Executive Officer, and correspond to **two internal criteria which have an equal weighting**. These criteria reflect key indicators of the Group's solidity:

- **recurring operating profit of fully consolidated companies (recurring EBIT) (35% weighting)**;
- **free cash flow (35% weighting)**.

For each of these two criteria, the Board of Directors validates, on the advice issued by the Appointments, Remuneration and CSR Committee, the "trigger level" and "target level" for the objectives, in line with the provisional consolidated budget adopted by the Board.

For each of these two criteria:

- if the target level is achieved, 100% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion will be awarded, as calculated on a straight-line basis;
- if the target level is exceeded, the award is proportionate to the outperformance, but cannot exceed the specified aggregate annual variable remuneration cap;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion is awarded.

Quantitative non-financial CSR criteria

Three quantitative non-financial CSR criteria underlie the Deputy Chief Executive Officer's annual variable remuneration, **each with an equal weighting**. The criteria are related to the Group's priority commitments under its Corporate Social Responsibility policy.

Each of the three criteria used must be relevant to the Group's CSR roadmap, **be measurable and monitored over time** using reliable systems, and **be subject to specific procedures carried out by the independent third party in the context of its report on the Group's non-financial statement**, except for external criteria based on assessments performed by an independent third party.

Each of the criteria is set by the Board of Directors on the advice of the Appointments, Remuneration and CSR Committee.

For each of the three criteria, trigger level and target level objectives are set under the same conditions. **These targets must be demanding and consistent in terms of both the Group's historical performance and changes in its operating environment**.

For each of these three criteria:

- if the target level is achieved, 125% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 75% of the benchmark amount allocated to the criterion will be awarded;
- if the target level is exceeded, 150% of the benchmark amount allocated to the criterion will be awarded;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion is awarded.

For 2022, the three criteria adopted are identical to those adopted for the Chairman and Chief Executive Officer, namely:

- **environmental (5%): the reduction in Lagardère's carbon footprint, as measured by the rate of CO_2 emissions from Scopes 1 & 2 and part of Scope 3 as a ratio of the workforce;**
- **social (5%): improved gender balance in executive bodies and in senior positions of responsibility, as measured by the proportion of female "top executives";**

- **ethical (5%): promoting ethical and responsible governance, as measured by the Group's regular assessment of the environmental, social and ethical performance of its suppliers and subcontractors.**

__Qualitative criteria__

The qualitative criteria that apply to the Deputy Chief Executive Officer's remuneration, which are identical to those applicable to the Chairman and Chief Executive Officer, are based on the **following two areas, each with equal weighting**:

- **rollout of the Group's strategic plan (7.5% weighting)**;
- **quality of governance and management (7.5% weighting)**, covering (i) actions to motivate and retain talent and (ii) the effective engagement of General Management in the deployment of compliance, risk management and corruption prevention programmes.

The performance levels achieved in these two areas are assessed by the Board of Directors, based on the advice of the Appointments, Remuneration and CSR Committee. The performance levels as recorded by the Board can raise or lower the benchmark amount set, although the qualitative portion of annual variable remuneration may not under any circumstances exceed 25% of the Deputy Chief Executive Officer's fixed remuneration.

Summary of the annual variable remuneration of the Deputy Chief Executive Officer

Pierre Leroy

	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)
Quantitative financial criteria	**70%**	**€420,000**	
Recurring operating profit of fully consolidated companies	35%	€210,000	
Free cash flow	35%	€210,000	
Quantitative CSR criteria	**15%**	**€90,000**	
CO_2 emissions	5%	€30,000	
Proportion of female top executives	5%	€30,000	
Ecovadis assessment	5%	€30,000	
Qualitative criteria	**15%**	**€90,000**	
Rollout of strategic plan	7.5%	€45,000	**25%**
Quality of governance and management	7.5%	€45,000	
TOTAL	**100%**	**€600,000**	**75%**

Clawback clause

The remuneration policy for the Deputy Chief Executive Officer includes a clawback clause. This clause allows some or all of the annual variable remuneration paid to the Deputy Chief Executive Officer to be "clawed back" under exceptional and serious circumstances.

The clawback clause is designed as an effective means of aligning the interests of management with those of shareholders. It can be activated in the exceptional event that, in the two years following payment of the annual variable remuneration, the financial data on which it was based are found to have been demonstrably and intentionally distorted. The amount clawed back in this case would represent the sums impacted by the fraud.

C) REMUNERATION AS A BOARD ADVISOR (*CENSEUR*)

The Deputy Chief Executive Officer may receive remuneration for his duties as a Board Advisor in accordance with the terms and conditions set out in the Articles of Association (see section 2.9 Appendices) and the rules outlined in the remuneration policy described in section 2.6 below.

2.5.1.3.B Long-term remuneration components – performance share awards

The Deputy Chief Executive Officer is awarded performance shares on a yearly basis.

These awards are decided after publication of the Group's results for the previous year. Their terms and conditions are set by the Board of Directors and the Appointments, Remuneration and CSR Committee. The terms and conditions in force are described below.

Number of performance shares awarded:

- the value of the performance share rights awarded each year to the Deputy Chief Executive Officer may not exceed one-third of that officer's total remuneration for the previous year;
- furthermore, pursuant to the authorisation given by the Company's shareholders, the performance shares awarded yearly to the Deputy Chief Executive Officer may not exceed 0.025% of the number of shares comprising the Company's share capital. This cap has not been revised since 2009.

Holding period for vested performance shares:

- 100% of the vested shares must be held in a registered account (*nominatif pur*) for a period of two years, although there is no legal obligation to do so. At the end of this two-year period:
- 25% of the vested shares must be held in a registered account (*nominatif pur*) until the beneficiary ceases his duties as an executive corporate officer,
- 25% of the vested shares must be held in a registered account (*nominatif pur*) until the value of the Lagardère SA shares held equals at least one year's worth of the executive corporate officer's gross variable remuneration. This value is assessed each year based on (i) the average Lagardère SA share price for the month of December of the previous year and (ii) the fixed and variable remuneration due in respect of the past year, with the theoretical maximum level being used for the variable portion;
- each executive corporate officer eligible to receive performance shares formally agrees not to enter into transactions to hedge risks associated with their performance shares during the holding period;
- at the close of the mandatory holding periods, the corresponding shares become transferable and can be traded under the terms and conditions established by law and regulations and in accordance with the black-out periods established by Lagardère SA in its Confidentiality and Market Ethics Charter.

Vesting conditions:

Performance conditions

The performance conditions are based on criteria representing key indicators used for the Group's strategy, **which ensure that the beneficiaries' interests are closely aligned with those of the Company and its stakeholders**.

The criteria are all quantitative criteria and are assessed over a minimum period of three consecutive fiscal years, including the fiscal year during which the performance shares are awarded (the "reference period").

In order to take into account the exceptional circumstances resulting from Vivendi SE's public tender offer for the Company, which includes a subsidiary tender offer guaranteeing a minimum price for the purchase of the Company's shares until 15 December 2023, likely to have an impact on the share price during this period, the Board of Directors, on the recommendation of the Appointments, Remuneration and CSR Committee, decided, for plans awarded in 2022, to remove the Total Shareholder Return (TSR) indicator provided for in the previous policies and to replace it by an additional internal financial criterion.

Accordingly, the performance criteria applicable in 2022 will be as follows:

- **For 25% of the performance shares awarded**: the achievement during the reference period of a pre-defined **return on capital employed (ROCE)**.

  ROCE, a criterion that has remained unchanged, is a relevant performance indicator reflecting the profitability of the Company's operating assets and its ability to create value.

- **For 25% of the performance shares awarded**: the achievement during the reference period of a pre-defined **cumulative amount of free cash flow.**

  This criterion, also unchanged, which reflects the Group's capacity to finance its investments and pay dividends, is also a key indicator of the Group's financial health.

- **For 20% of the performance shares awarded**: the achievement during the reference period of a pre-defined **operating margin percentage**.

  This indicator is calculated by dividing recurring operating profit of fully consolidated companies (Group recurring EBIT) by revenue, reflecting the profitability of the business, and is also a key indicator for steering the Group's strategy.

For each of these three objectives, the Board of Directors, on the advice of the Appointments, Remuneration and CSR Committee and in line with the provisional consolidated budget it adopted, approves the following:

- the "target level" to be reached for 100% of the shares allocated to the objective to vest; and

- the "trigger level", corresponding to the level (i) above which 0% to 100% of the shares allocated to the objective will vest (determined on a straight-line basis) and (ii) below which no shares will vest. The trigger level cannot be lower than 66% of the target level.

- **For 30% of the performance shares awarded**: the achievement of precise objectives based on three quantitative criteria related to the Group's key commitments under its **Corporate Social Responsibility policy**, each weighted equally (i.e., 10% for each criterion). This objective can for example concern gender equality, a reduction of the environmental impact of the Group's activities, employee working conditions, or overall non-financial performance.

As is the case for the variable portion of the annual remuneration, both the criteria themselves and the target and trigger levels set for each criterion are approved by the Board of Directors on the basis of recommendations put forward by the Appointments, Remuneration and CSR Committee. The criteria used must be relevant to the Group's CSR roadmap, measurable and monitored over time using reliable systems, and subject to verifications by the independent third party.

For each of the two 10% portions:

- 100% of the shares awarded vest if the target level is achieved;

- 0% of the shares vest if the trigger level is not achieved;

- between 0% and 100% of the shares vest on a straight-line basis if the achievement is between the trigger level and the target level.

For each annual performance share plan, further to discussion by the Appointments, Remuneration and CSR Committee, the Board of Directors sets all of the precise performance conditions and levels, in accordance with the principles described above. The performance objectives set must be demanding and consistent, both in terms of the Group's historic performance and changes in its operating environment.

Presence condition

In order for the performance shares to vest, the Deputy Chief Executive Officer must **still be an executive corporate officer of Lagardère SA** three years after the award date.

In respect of this presence condition, rights to performance shares are:

- forfeited if the executive corporate officer resigns, is dismissed or removed from office due to misconduct before the end of this three-year period;
- retained in full in the event his office is terminated ahead of term due to death or incapacity before the end of this three-year period;
- retained in part on a pro rata basis if the executive corporate officer retires or is dismissed or removed from office for reasons other than misconduct before the end of this three-year period.

Note that the performance conditions continue to apply in any event.

The rights to free shares are partly retained on a pro rata basis in the specific cases of retirement or forced departure for reasons other than misconduct, because they are an essential component of the executive corporate officer's annual remuneration and are awarded in consideration for duties performed in the year that the rights are awarded. The partial retention of these rights, which continue to be subject to achieving demanding long-term performance conditions, encourages the executive corporate officer to act in the long-term interests of the Group.

Consequently, all of the terms and conditions of the Company's performance share awards fully comply with the recommendations in the Afep-Medef Code. This is the case for (i) the applicable performance conditions, which are solely based on quantitative criteria and combine internal and comparative criteria, and financial and non-financial criteria, all corresponding to key indicators for the Company's strategy, and (ii) the other terms and conditions (number of shares, vesting period, holding period etc.). All of these terms and conditions combined ensure that the performance share awards are a way of retaining the beneficiaries concerned and closely aligning their interests with those of the Company and its stakeholders.

2.5.1.3.C Other benefits

A) BENEFITS IN KIND – BUSINESS EXPENSES

The Deputy Chief Executive Officer is provided with a company car, the potential personal use of which corresponds to a benefit in kind.

The Deputy Chief Executive Officer is also entitled to the reimbursement of business travel and business entertainment expenses incurred in connection with his executive duties.

B) SUPPLEMENTARY PENSION PLAN

The Deputy Chief Executive Officer is eligible for a supplementary pension plan operated by Lagardère Management. This is a defined supplementary benefit plan as provided for in article 39 of the French Tax Code (*Code général des impôts*) and article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*).

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the statutory supplementary pension plan regime in France, **this plan was closed to new entrants as from 4 July 2019, and benefits accrued under the plan were frozen as at 31 December 2019.** No further benefits will be accrued under the plan as from that date.

The plan is a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 providing the beneficiary does not take up another post, (ii) long-term disability, or (iii) early retirement. In addition, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

Before the plan was frozen at 31 December 2019, its beneficiaries accrued supplementary pension entitlements at a rate equal to 1.75% of the benchmark remuneration per year of membership of the plan.

The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed + variable up to a maximum of

100% of the fixed portion). In addition, each annual remuneration could not exceed 50 times the annual limit defined by the French social security system i.e., a maximum amount of €2,026,200 in 2019. Each beneficiary's benchmark remuneration was frozen at 31 December 2019.

As the number of years of plan membership used to calculate the benefit entitlements is capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.

The pension entitlements were fully borne by the Company and this benefit was taken into account in determining the overall remuneration of the Deputy Chief Executive Officer.

Under current social security laws (article L. 137-11 of the French Commercial Code), the Company is required to pay a contribution equal to 32% of the amount of the benefits, at the time that such benefits are paid.

In addition to the tax and social security contributions applicable to pensions (levied at a rate of 10.1%, of which 5.9% is tax-deductible), under current tax and social security laws, the annuities that will be paid to the beneficiaries will also be subject to the specific contribution provided for in article L. 137-11-1 of the French Social Security Code, before income tax withheld at source and any surtaxes on high incomes.

At its meeting on 17 December 2021, the Board of Directors decided, on the recommendation of the Appointments, Remuneration and CSR Committee, to set up a new "vested benefits" supplementary pension plan for 2020 and 2021 in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code. The main features of this pension plan, as set out in the remuneration policy approved by the General Meeting of 30 June 2021, are described below:

This is an individual rather than collective plan and is "portable", in that the benefits will be attached to the employee and will be carried over even in case of a change of employer.

The characteristics of this new supplementary pension plan fully comply with applicable legislation and with the recommendations of the Afep-Medef Corporate Governance Code.

Under this plan, the supplementary pension benefits will vest to the Deputy Chief Executive Officer at a rate of 1.25% of the benchmark remuneration each year.

The benchmark remuneration corresponds to the gross annual remuneration (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions.

Since the maximum vesting period is 20 years, the accumulated rights are capped at 25%.

In the event of the beneficiary's death, 60% of the pension is transferable to the surviving spouse.

In accordance with applicable legislation, vesting is subject to performance conditions that require an achievement rate of at least 75% for the annual financial and non-financial targets used to determine the Deputy Chief Executive Officer's annual variable remuneration.

In accordance with the provisions of the instruction of 23 December 2020, this new plan applies with retroactive effect from 1 January 2020 and, exceptionally, the performance conditions were not applied to rights in respect of the 2020 fiscal year.

The new plan may be continued in 2022.

C) TERMINATION BENEFIT

The Company has not given any commitments to the Deputy Chief Executive Officer in relation to granting him any termination benefits.

However, as the Deputy Chief Executive Officer is an employee, he may be eligible for benefits in certain cases of contract termination, pursuant to the applicable laws, regulations and collective bargaining agreements. In all circumstances, any benefits paid to the executive corporate officers may not exceed the cap of two years' worth of fixed and variable remuneration recommended in the Afep-Medef Corporate Governance Code.

D) EXTRAORDINARY REMUNERATION

Bonuses may be granted to the executive corporate officers in very specific and exceptional circumstances, notably in connection with one-off transactions requiring extensive involvement of the Deputy Chief Executive Officer, particularly when the impacts of such transactions, despite being extremely significant for the Group, cannot be taken into account in determining the variable portion of their remuneration.

The conditions of any exceptional bonus awards and payments are determined in accordance with best corporate governance practices.

Any exceptional bonus award, which must be disclosed and justified in detail, may not in any case exceed 150% of the annual fixed remuneration of the Deputy Chief Executive Officer.

At its meeting on 14 March 2022, following the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors agreed the principle of awarding an extraordinary bonus of this kind to the Deputy Chief Executive Officer in 2022 in recognition of his necessarily extensive future involvement in managing the combination with the Vivendi group within the context of the takeover of the Company in the event the public tender offer is successful. The amount of any such extraordinary bonus shall be determined by the Board of Directors of the Company based on its assessment of the Deputy Chief Executive Officer's performance for each of the specified criteria, with a particular focus on the social component and subject to the 150% ceiling mentioned above. Payment of any exceptional bonus will in any case be subject to the approval of shareholders at the 2023 General Meeting.

2.5.2 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2021 TO THE COMPANY'S EXECUTIVE CORPORATE OFFICERS

This section notably includes, with regard to the Company's executive corporate officers, the information referred to in article L. 22-10-9 of the French Commercial Code.

As a reminder, the Annual General Meeting of 30 June 2021 approved the conversion of the Company from a French partnership limited by shares into a French joint-stock company (*société anonyme*).

Therefore, from 1 January 2021 to 30 June 2021, the Company operated in the form of a partnership limited by shares, with Managing Partners (Arnaud Lagardère, Pierre Leroy and Thierry Funck-Brentano) and a Supervisory Board chaired by Patrick Valroff, and then, from 30 June to 31 December 2021, in the form of a joint-stock company with a Board of Directors, a Chairman and Chief Executive Officer (Arnaud Lagardère) and a Deputy Chief Executive Officer (Pierre Leroy).

As a result of this conversion, the Annual General Meeting of 30 June 2021 also approved two sets of remuneration policies to be applied successively by the Company in 2021, first as a partnership limited by shares and then as a joint-stock company. In order to ensure the continuity and stability of remuneration principles for both the Company and its shareholders, these two sets of remuneration policies were nevertheless established in a strictly identical manner.

Accordingly, the fixed and variable remuneration awarded to Arnaud Lagardère and Pierre Leroy for 2021 was awarded first, up until 30 June 2021, in respect of their roles as Managing Partners and subsequently, from 30 June 2021, for their respective roles as Chairman and Chief Executive Officer and Deputy Chief Executive Officer, proportionate to the time spent in each.

The fixed and variable remuneration awarded to Thierry Funck-Brentano was determined on a proportionate basis until 30 June 2021, the date on which his term of office expired.

2.5.2.1 Components of remuneration paid or allocated

A) ANNUAL FIXED REMUNERATION

The two sets of remuneration policies approved for 2021 did not modify the fixed remuneration amounts for executive corporate officers, which have therefore remained unchanged for the last decade.

Consequently:

Arnaud Lagardère, Managing Partner of Lagardère SCA until 30 June 2021 and then Chairman and Chief Executive Officer of Lagardère SA since that date, received fixed annual remuneration of **€1,140,729**;

Pierre Leroy, Co-Managing Partner of Lagardère SCA until 30 June 2021 and then Deputy Chief Executive Officer of Lagardère SA since that date, received fixed annual remuneration of **€1,474,000**;

Thierry Funck-Brentano, Co-Managing Partner of Lagardère SCA until 30 June 2021, the date on which his term of office expired, received fixed remuneration of **€603,000** for the period from 1 January 2021 to 30 June 2021.

B) ANNUAL VARIABLE REMUNERATION

Annual variable remuneration paid during 2021

As annual variable remuneration for a given year can only be calculated after the end of that year and is submitted for shareholders' approval as part of the ex-post "say on pay" vote (article L. 22-10-34, II of the French Commercial Code), it is only paid during the following year.

Consequently, the variable remuneration due to Lagardère SCA's executive corporate officers in respect of 2020 was only paid in 2021, following approval of the shareholders at the General Meeting of 30 June 2021 (under the ninth, tenth and eleventh resolutions, each approved by more than 99% of the votes).

The amounts of variable remuneration allocated in respect of 2020 and paid in 2021 were as follows:

- **For Arnaud Lagardère**: €393,750
- **For Pierre Leroy and Thierry Funck-Brentano**: €362,500 each.

Annual variable remuneration allocated in respect of 2021

At its meeting on 14 March 2022, and on the advice of the Appointments, Remuneration and CSR Committee meeting on 9 March 2022, the Board of Directors analysed the level of achievement of the various criteria underlying the annual variable remuneration of the corporate officers for 2021.

Quantitative portion of annual variable remuneration

Financial criteria

For 2021, executive corporate officers' annual variable remuneration was based on two financial criteria: (i) **recurring operating profit of fully consolidated companies** (recurring EBIT), and (ii) **free cash flow**, applied to a benchmark amount of €1,050,000 for Arnaud Lagardère and €300,000 for Pierre Leroy and Thierry Funck-Brentano.

For each of these two criteria:

- if the target level is achieved, 100% of the benchmark amount allocated to the criterion will be awarded;
- if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion will be awarded, as calculated on a straight-line basis;
- if the target level is exceeded, the award will be proportionate to the outperformance, but cannot exceed the specified aggregate annual variable remuneration cap;
- if the trigger level is not achieved, 0% of the benchmark amount allocated to the criterion will be awarded.

At its meeting on 14 March 2022, the Board of Directors noted that the "target objectives" set for each of these two criteria in line with the budget plan in force that had been (i) approved by the Appointments, Remuneration and CSR Committee and the Supervisory Board of the Company operating in its previous form as a partnership limited by shares, at their meetings on 30 March and 26 April 2021 respectively, and (ii) subsequently confirmed by the Board of Directors which took office on 30 June 2021, had been amply exceeded owing to the exceptional performance of the two divisions in 2021, despite an environment still unsettled by the health crisis[1].

Based on the achievement rates observed and validated by the Board of Directors at its meeting on 14 March 2022, the **amount of the quantitative financial variable portion alone equals the maximum amounts set for the overall annual variable remuneration**, i.e.:

- **for Arnaud Lagardère (150% of his fixed remuneration): €1,711,094** (1,140,729 x 1.5);
- **for Pierre Leroy (75% of his fixed remuneration): €1,105,500** (1,474,000 x 0.75);
- **for Thierry Funck-Brentano (75% of his fixed remuneration, calculated on a proportionate basis up to 30 June 2021): €452,250** ((1,206,000 x 0.75)/2).

[1] See press release of 17 February 2022 on the full-year 2021 results.

Non-financial CSR criteria

The 2021 remuneration policy for the executive corporate officers included four quantifiable non-financial CSR criteria – each with equal weighting – based on the Group's priority CSR commitments, applied to a benchmark amount of €350,000 for Arnaud Lagardère and of €150,000 for both Pierre Leroy and Thierry Funck-Brentano.

For each of these four criteria, "trigger level" and "target level" objectives had been set (i) by the Appointments, Remuneration and CSR Committee and the Supervisory Board of the Company still operating in its previous form as a partnership limited by shares, at their meetings on 30 March and 26 April 2021, respectively, and (ii) had subsequently been confirmed by the Board of Directors which took office on 30 June 2021.

The objectives were designed to be demanding and consistent in terms of both the Group's historic performance and changes in its operating environment, notably in connection with its strategic refocusing.

For each of these four criteria:

- if the target level was achieved, 125% of the benchmark amount allocated to the criterion would be awarded;
- if the level achieved was between the trigger and target levels, 75% of the benchmark amount allocated to the criterion would be awarded;
- if the target level was exceeded, 150% of the benchmark amount allocated to the criterion would be awarded;
- if the trigger level was not achieved, 0% of the benchmark amount allocated to the criterion would be awarded.

At its meeting on 14 March 2022, and on the advice of the Appointments, Remuneration and CSR Committee, the Board of Directors noted that for 2021, applying the non-financial CSR criteria led to the application of a coefficient of 1.125 (arithmetic average of the achievement rates obtained for each of the criteria) to the associated benchmark amounts, resulting in a **non-financial CSR variable portion** equal to:

- **for Arnaud Lagardère: €393,750** (€350,000 x 1.125);
- **for Pierre Leroy: €168,750** (€150,000 x 1.125);
- **for Thierry Funck-Brentano: €84,375** ((€150,000 x 1.125)/2), determined on a proportionate basis up to 30 June 2021.

However, the Board of Directors decided that these quantitative CSR variable portions would only serve as "theoretical" amounts in 2021, as the maximum annual variable remuneration had already been reached based on the achievement of the financial criteria alone.

Criteria	Trigger level	Target performance level	Level achieved	Achievement rate
Proportion of female executive managers by end-2021	41%	43%	44%	1.50
Proportion of certified and/or recycled paper in 2021	95%	98%	99%	1.50
Reduced use of plastic in all proprietary restaurant concepts in 2021	95%	98%	48%	0
Percentile ranking in the Dow Jones Sustainability Index	82%	88%	93%	1.50
Average				**1.125**

The first criterion – concerning the proportion of female executive managers – is a key indicator for the Group's performance in implementing its strategy of promoting diversity. It is a growth and creativity driver and has been one of the priority objectives of the Group's CSR roadmap for many years. The target of 43% by the end of 2021 was set in line with the medium-term objective defined in the executive body gender balance policy approved by the Board, which aims to have 45% of women in executive positions by 2024. **This target was ultimately exceeded, with women representing 44% of the Group's executives, ahead of the roadmap objective**.

The second criterion – the proportion of recycled and/or certified paper purchased directly and/or supplied by printers out of the total weight of paper purchased or supplied within Lagardère Publishing – is a key indicator of the Publishing division's environmental policy measuring its supplies of paper from sustainably managed forests. **The target level was also exceeded, with 99% of paper certified and/or recycled.** In view of the excellence achieved in this area, this criterion will no longer be used in the Group's remuneration plans. However, it will obviously continue to be monitored as part of the Group's CSR strategy,

The third criterion – the proportion of revenue generated by the Foodservice activities (proprietary concepts) of the Lagardère Travel Retail division that have switched to eco-responsible consumables and have banned single-use plastics out of total revenue generated by Foodservice activities (proprietary concepts) – is also a key indicator of Lagardère Travel Retail's environmental policy, which measures the single-use plastics eliminated in its own Foodservice concepts. **The trigger level of the target was not met for this criterion due to raw material shortages in 2021 and the lack of alternative solutions. This forced countries to temporarily revert to the use of plastic for certain consumables such as cup lids.**

The final criterion – the percentile ranking in the Dow Jones Sustainability Index – rounds out the internal assessment based on the three other specific criteria by an objective overall external evaluation performed by a recognised expert in the sector, which also gives an insight into how the Group's stakeholders view its CSR approach. Additionally, in the same way as the first three criteria, it provides transparency and ensures that the Group's performance can be tracked over the long term. **The target was exceeded, with the Company rated 93%.**

Qualitative portion of annual variable remuneration

The variable remuneration of executive corporate officers (with the exception of Arnaud Lagardère) also includes a qualitative portion based on a series of specific priority targets related to the areas listed below. These were applied to a benchmark amount of €150,000 for both Pierre Leroy and Thierry Funck-Brentano:

- rollout of the Group's strategic plan;
- quality of governance and management.

At its meeting on 14 March 2022, and on the advice of the Appointments, Remuneration and CSR Committee, the Board of Directors considered, in light of the achievement levels set out below, that the objectives set had been very satisfactorily met in 2021, with very strong personal input from the executive corporate officers.

In view of this assessment, and based on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided to apply a coefficient of **1.25** (identical to that applied in 2021 and 2020), resulting in a qualitative variable portion equal to:

- **for Pierre Leroy: €187,500** (€150,000 x 1.25);
- **for Thierry Funck-Brentano: €93,750** ((€150,000 x 1.25)/2), determined on a proportionate basis up to 30 June 2021.

However, the Board of Directors decided that these qualitative variable amounts would only serve as "theoretical" amounts in 2021, as the maximum annual variable remuneration had already been reached based on the achievement of the financial criteria alone.

Rollout of the Group's strategic plan

In 2021 amid a still-uncertain environment and a gradual easing of the Covid-19 pandemic, General Management continued its efforts to control costs across the Group and manage its strategic roadmap adapted to take into account the impacts of the crisis. This involved (i) implementing an ambitious operational performance plan for Lagardère Travel Retail with a continued focus on development opportunities and (ii) strengthening the market positions of Lagardère Publishing, our power engine and pillar of resilience.

In terms of investments in the two priority divisions, the major acquisition of Workman Publishing enhanced Hachette Book Group's catalogue in the United States and significantly strengthened its positions, particularly in the Lifestyle and Youth Works segments. At Lagardère Travel Retail, the signature of an agreement with JD.com and JIC to take a minority stake in Lagardère Travel Retail Asia within the scope of a strategic partnership has accelerated the division's development in Asia, particularly through digital distribution channels.

In line with its active and prudent financing policy, in autumn 2021 the Company successfully completed a €500 million bond issue, reflecting market confidence in the Group's solid financial profile. It also partly redeemed its €500 million bond issue maturing in April 2023 and repaid the full amount outstanding under its €465 million government-backed loan granted in December 2020.

Quality of governance and management

In the area of Compliance, the active involvement of General Management focused particularly on the fight against corruption, with the creation of a risk map for corruption and international economic sanctions risks and ongoing awareness-training initiatives for Compliance Correspondents.

In 2021, General Management also sought to frequently reaffirm the "sovereign" nature of risk management, notably by circulating a Group Risk Management Charter under its name, and strengthened its governance with the establishment of a second risk committee held within each division, in addition to the annual committee already in place.

Finally, following the announcement in September 2021 by Vivendi SE of a proposed public tender offer for the Company, General Management has also been actively involved in regularly communicating with the greatest possible transparency on the various stages of the planned offer to management, employees and employee representative bodies at the various levels of the Group.

Summary of variable remuneration allocated in respect of 2021

The application of the quantitative and qualitative criteria described above led to the allocation in respect of 2021 of the following variable remuneration, which will be paid in 2022 provided it is approved at the Annual General Meeting to be held on 22 April 2022.

	Weighting (% of benchmark amount)	Benchmark amount (in euros)	Maximum amount (% of fixed remuneration)	Achievement rate applied to the benchmark amount	Theoretical amount of variable remuneration to be paid	Variable remuneration	
						Amount to be paid (in euros)	(% of fixed remuneration)
Arnaud Lagardère							
Quantitative financial criteria	75%	1,050,000	150%	**Above the cap**	**Above the cap**	1,711,094	150%
Quantitative non-financial CSR criteria	25%	350,000		**1.125**	393,750		
Qualitative criteria	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total	**100%**	**1,400,000**	**150%**		**Above the cap**	**1,711,094**	**150%**
Pierre Leroy							
Quantitative financial criteria	50%	300,000		**Above the cap**	**Above the cap**	1,105,500	75%
Quantitative non-financial CSR criteria	25%	150,000		**1.125**	168,750		
Qualitative criteria	25%	150,000	**25%**	**1.25**	187,500		
Total	**100%**	**600,000**	**75%**		**Above the cap**	**1,105,500**	**75%**
Thierry Funck-Brentano							
Quantitative financial criteria	50%	300,000		**Above the cap**	**Above the cap**	452,250[1]	75%
Quantitative non-financial CSR criteria	25%	150,000		**1.125**	843,751		
Qualitative criteria	25%	150,000	**25%**	**1.25**	93,750[1]		
Total	**100%**	**600,000**	**75%**		**Above the cap**	**452,250[1]**	**75%**

[1] Amount calculated proportionately for the period during which Thierry Funck-Brentano served as Co-Managing Partner, i.e., from 1 January to 30 June 2021.

C) REMUNERATION IN RESPECT OF OFFICES HELD

Like the other members of the Board of Directors, Arnaud Lagardère, Chairman and Chief Executive Officer, was awarded remuneration of €22,319 for 2021, in accordance with the allocation rules described in section 2.6 below.

Pierre Leroy, Board Advisor, was not awarded any remuneration for his attendance at the Board of Directors' meeting in 2021.

D) PERFORMANCE SHARE AWARDS

On 24 September 2021, under the new authorisation granted by the Company's shareholders in the forty-second resolution of the 30 June 2021 Annual General Meeting, Pierre Leroy was awarded 34,000 rights to free shares, representing 0.024% of the total number of shares making up the Company's share capital and a carrying amount of €627,640 under IFRS (corresponding to 34.18% of his fixed and variable remuneration for the previous year).

This award was made under the terms and conditions set out below, in accordance with the framework described above.

Vesting period: the shares will vest on 25 September 2024, provided that Pierre Leroy is still an executive corporate officers of Lagardère SA at midnight on 24 September 2024 (the "presence condition").

Performance conditions to be met for the period from 2021 through 2023:

Weighting (% of shares allocated to the objective)	Criteria	Trigger level	Target performance level	Vesting proportions
25%	**<u>Internal financial criterion</u>** **ROCE (Return on capital employed) = operating profit/(equity + debt) in 2023**	**Confidential**	**Confidential**	Vesting on a straight-line proportionate basis of 0% to 100% of the shares between the trigger level and the target level
25%	**<u>Internal financial criterion</u>** **Cumulative amount of free cash flow for the period 2021 to 2023**	**Confidential**	**Confidential**	Vesting on a straight-line proportionate basis of 0% to 100% of the shares between the trigger level and the target level
20% 10% 10%	**<u>Relative financial criterion</u>** **Total Shareholder Return (TSR): Lagardère SA's average annual TSR** versus the average annual TSR of a panel of eight peer companies (Relx, Pearson, Mondadori, Bloomsbury, Dufry, Valora, WH Smith and Autogrill) **Lagardère SA's average annual TSR** vs. the average annual TSR of the other companies in the CAC Mid 60 index	As this is a comparative criterion, the achievement rates of the objectives for each portion will only be known and disclosed at the end of the Reference Period.		0% if Lagardère's TSR is lower than the average annual TSR of the reference panel. 50% if Lagardère's TSR is equal to the average annual TSR of the reference panel. 100% if Lagardère's TSR is at least 2% higher than the average TSR of the reference panel. Allocation on a straight-line basis between 50% and 100%
30%	**<u>Non-financial CSR criteria</u>**			Vesting on a straight-line proportionate basis of 0% to 100% of the shares between the trigger level and the target level
10%	**Proportion of certified and/or recycled paper in 2023**	**95%**	**98%**	
10%	**Reduction in the use of plastic in all proprietary concepts in 2023**	**95%**	**100%**	
10%	**Proportion of female top executives at end-2023**	**42%**	**44%**	

In line with the remuneration policy, the specific trigger and target levels for the two internal financial criteria were set by the Board of Directors on the recommendation of the Appointments, Remuneration and CSR Committee to be both demanding and consistent. However, as this information relates to budget goals (themselves not public knowledge), it is not disclosed. The level of achievement of all financial and non-financial criteria will be reported in the Annual Report for 2024, the year in which the shares will vest.

E) BENEFITS IN KIND – BUSINESS EXPENSES

In accordance with the remuneration policy, the executive corporate officers each had the use of a company car in 2021.

The value of this benefit-in-kind is based on the executive corporate officers' potential personal use of their car, and corresponds to the following amounts:

- **For Arnaud Lagardère: €17,364**
- **For Pierre Leroy: €16,219**
- **For Thierry Funck-Brentano: €5,388** for the period from 1 January 2021 to 30 June 2021

F) SUPPLEMENTARY PENSION PLAN

In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed the statutory supplementary conditional benefit pension plan in France governed by article L. 137-11 of the French Social Security Code, the plan available to the executive corporate officers was closed to new entrants as from 4 July 2019, and benefits accrued under the plan along with the officers' benchmark remuneration were frozen as at 31 December 2019.

No payments were made to Arnaud Lagardère or Pierre Leroy under this plan in 2021. At 31 December 2021, the estimated amounts of the future pension annuities were €686,490 for both Arnaud Lagardère and Pierre Leroy.

Thierry Funck-Brentano retired under this plan with effect from 1 July 2021. Since that date, he has been paid an annual non-reversionary pension of €660,408.

At its meeting on 17 December 2021, the Board of Directors decided to set up a new defined benefit plan for 2020 and 2021 in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code. The main features of this plan for Arnaud Lagardère and Pierre Leroy are described in section 2.5 of this Universal Registration Document.

Vesting under this plan requires an achievement rate of at least **75%** for the annual financial and non-financial criteria used to determine the beneficiary's annual variable remuneration. Exceptionally, and in compliance with the regulations, vesting under this plan in 2020 was not subject to any performance conditions.

As the performance conditions were met, the benefits vested by Arnaud Lagardère and Pierre Leroy represented 1.25% of their respective benchmark remuneration for each of the years 2020 and 2021.

Contributions are paid in respect of the vested benefits to the insurer managing the plan. The amount of contributions paid in this respect is determined by an independent actuary. The contributions are excluded from the tax base for social security contributions, in return for the payment of an employer's contribution of 29.7%.

At 31 December 2021, the estimated amounts of the future pension annuities were €44,898 for Arnaud Lagardère and €48,660 for Pierre Leroy.

G) TERMINATION BENEFIT

In the context of his retirement with effect from 1 July 2021, Thierry Funck-Brentano received the following sums in respect of the performance of his employment contract:

- remuneration for paid leave, representing a total gross amount of €146,593;
- a contractual retirement indemnity of €957,388, corresponding to six months' remuneration based on his last remuneration, for service of over 40 years with the Group, in accordance with the applicable collective agreement.

H) EXTRAORDINARY REMUNERATION

At its meeting on 14 March 2022, the Board of Directors decided to award Pierre Leroy an extraordinary bonus for a gross amount of €800,000 for 2021, representing 54.27% of his fixed remuneration.

The Board of Directors decided to award Pierre Leroy this extraordinary bonus in recognition of his efficiency, perseverance and deep personal involvement, qualities that proved decisive in the process of transforming the Company into a joint-stock company, implementing its new governance arrangements and negotiating the settlement agreement that put an end to the various disputes that had mobilised the Company's General Management for several years against one of its shareholders.

The Board of Directors wanted to reward Pierre's remarkable contribution to these prolonged and complex operations, which have enabled a return to calm and constructive shareholder relations in the Group's best business interests.

In its decision to award this extraordinary bonus and in setting its amount, the Board of Directors also concluded that the impact of these operations – although very significant for the Company – had not been taken into account in the inputs used to calculate Pierre Leroy's annual variable remuneration for 2021, especially since a maximum amount of annual variable remuneration is payable due to the quantifiable financial criteria alone having been exceeded.

Arnaud Lagardère and Thierry Funck-Brentano did not receive any extraordinary remuneration for 2021.

2.5.2.2 Summary tables

The information and tables provided in this section show the remuneration of the Company's executive corporate officers based on the presentation format recommended in the Afep-Medef Code and AMF recommendation 2021-02.

Arnaud Lagardère

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2020		**Fiscal year 2021**	
	Amounts allocated	Amount paid	**Amounts allocated**	**Amounts paid**
Fixed remuneration	1,140,729	1,102,705(1)	**1,140,729**	**1,140,729**
Variable remuneration	393,750(2)	1,569,750(2)	**1,711,094(2)**	**393,750(2)**
Extraordinary remuneration	-	-	**-**	**-**
Remuneration allocated for offices held	-	-	**22,319**	**-**
Benefits in kind	18,616	18,616	**17,364**	**18,616**
Total	1,553,095	2,691,071	**2,891,506**	**1,553,095**

(1) Members of the Executive Committee decided to reduce their fixed remuneration for April and May 2020 by 20%.
(2) As the variable portion of annual remuneration for a given year can only be calculated after the end of that year, it is paid during the following year.

Arnaud Lagardère, who is a significant shareholder of the Company, has not been awarded any share options or free shares since 2003.

- **Share options granted during the year**: none.
- **Share options exercised during the year**: none.
- **Performance share rights granted during the year**: none.
- **Performance shares that became available during the year**: none.

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2020	**Fiscal year 2021**
Remuneration allocated for the year (details in previous table)	**1,553,095**	**2,891,506**
Value of multi-annual variable remuneration allocated during the year	None	**None**
Value of share options granted during the year	None	**None**
Value of performance share rights granted during the year	None	**None**
Total	**1,553,095**	**2,891,506**

Pierre Leroy

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2020		**Fiscal year 2021**	
	Amounts allocated	Amounts paid	**Amounts allocated**	**Amounts paid**
Fixed remuneration	1,474,000	1,424,867[1]	**1,474,000**	**1,474,000**
Variable remuneration	362,500[2]	698,500[2]	**1,105,500[2]**	**362,500[2]**
Extraordinary remuneration	-	-	**800,000**	**-**
Remuneration allocated for offices held	-	-	**-**	**-**
Benefits in kind	16,281	16,281	**16,219**	**16,281**
Total	1,852,781	2,139,648	**3,395,719**	**1,852,781**

(1) Members of the Executive Committee decided to reduce their fixed remuneration for April and May 2020 by 20%.
(2) As the variable portion of annual remuneration for a given year can only be calculated after the end of that year, it is paid during the following year.

- **Share options granted during the year**: none.
- **Share options exercised during the year**: none.
- **Performance share rights granted during the year**: 34,000.

Performance share rights granted in 2021						
Authorisation of AGM	Year/Month of plan	No. of share rights awarded	Carrying amount under IFRS	Vesting date	Date of availability	Performance conditions
30 June 2021	24 Sept. 2021	34,000	627,640	25 Sept. 2024	25 Sept. 2026[1]	[2]

(1) Applicable to 50% of the vested shares. The shares corresponding to the remaining 50% are subject to additional holding requirements.
(2) For further details, see section 2.8.9 above.

- **Performance shares that became available during the year**: 11,795.

The mandatory holding period for the 23,590 performance shares which vested to Pierre Leroy on 10 May 2019 under the 9 May 2016 plan ended on 10 May 2021. According to the holding rules defined in accordance with the applicable laws and with the recommendations of the Afep-Medef Corporate Governance Code, half of these shares are still subject to holding periods based on the valuation of Pierre Leroy's share portfolio and the termination of his duties.

- **Performance shares that vested during the year**: none.

None of the 32,000 performance shares awarded to Pierre Leroy under the 16 April 2018 plan vested. This was due to the fact that on 19 April 2021 it was placed on record that the overall achievement rate for the performance conditions underlying this plan was 0%.

Achievement of the objective relating to growth in Group recurring operating profit:

- average annual growth rate for Group recurring operating profit between 2018 and 2020: (2.14% + 5.63% + 0%)/3 = 2.59%;
- achievement rate of objective = 0% (below the trigger level of 8.53%).

Achievement of the objective relating to net cash from operating activities of fully consolidated companies:

- average annual amount of net cash from operating activities of fully consolidated companies between 2018 and 2020: (480 + 513 + (-97)) = €298.8 million;
- achievement rate of objective = 0%;
- below the trigger level of €428.4m.

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2020	**Fiscal year 2021**
Remuneration awarded for the year (see previous table)	1,852,781	**3,395,719**
Value of multi-annual variable remuneration awarded for the year	None	None
Value of share options granted during the year	None	None
Value of rights to performance shares awarded during the year	0	**627,640**
Total	1,852,781	**4,023,359**

Thierry Funck-Brentano

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2020		**Fiscal year 2021**	
	Amounts allocated	Amounts paid	**Amounts allocated**	**Amounts paid**
Fixed remuneration	1,206,000[(1)]	1,165,800[(1)]	**603,000**	**603,000[(3)]**
Variable remuneration	362,500[(2)]	698,500[(2)]	**452,250[(2) (3)]**	**698,500[(2)]**
Extraordinary remuneration			**-**	**-**
Remuneration allocated for offices held			**-**	**-**
Benefits in kind	13,644	13,644	**5,388**	13,644
Total	**1,582,144**	**1,877,944**	**1,060,638**	**1,315,144**

(1) Members of the Executive Committee decided to reduce their fixed remuneration for April and May 2020 by 20%.
(2) As the variable portion of annual remuneration for a given year can only be calculated after the end of that year, it is paid during the following year.
(3) The amounts indicated for 2021 have been calculated proportionately for the period during which Thierry Funck-Brentano served as Co-Managing Partner of Lagardère SCA, i.e., until 30 June 2021.

- **Share options granted during the year**: none.
- **Share options exercised during the year**: none.
- **Performance share rights granted during the year**: none.
- **Performance shares that became available during the year**: 60,499.

The mandatory holding period for the 23,590 performance shares which vested to Thierry Funck-Brentano on 10 May 2019 under the 9 May 2016 plan ended on 10 May 2021. According to the holding rules defined by the Supervisory Board of Lagardère SCA in accordance with the applicable laws, a quarter of these shares were still subject to a holding period until the termination of Thierry Funck-Brentano's duties on 30 June 2021.

Furthermore, since the valuation of Thierry Funck-Brentano's share portfolio is higher than one year of his fixed and variable remuneration, the holding period established in accordance with the recommendations of the Afep-Medef Corporate Governance Code and applicable to a quarter of the shares, ceased to apply with effect from 10 May 2021.

Finally, in light of his retirement on 30 June 2021, the 25% of free shares vested by Mr Thierry Funck-Brentano under the 2010, 2011, 2012, 2013 and 2015 plans and still subject to a holding requirement, became available as from that date (30 June 2021), representing a total of 36,909 shares.

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2020	**Fiscal year 2021**
Remuneration allocated for the year (details in previous table)	**1,582,144**	**1,060,638**
Value of multi-annual variable remuneration allocated during the year	**None**	**None**
Value of share options granted during the year	**None**	**None**
Value of performance share rights granted during the year	**None**	**None**
Total	**1,582,144**	**1,060,638**

- **Performance shares that vested during the year**: 0.

None of the 32,000 performance shares awarded to Thierry Funck-Brentano under the 16 April 2018 plan vested. This was due to the fact that on 19 April 2021 it was placed on record that the overall achievement rate for the performance conditions underlying this plan was 0%.

Achievement of the objective relating to growth in Group recurring operating profit:

- average annual growth rate for Group recurring operating profit between 2018 and 2020: (2.14% + 5.63% + 0%)/3 = 2.59%;
- achievement rate of objective = 0% (below the trigger level of 8.53%).

Achievement of the objective relating to net cash from operating activities of fully consolidated companies:

- average annual amount of net cash from operating activities of fully consolidated companies between 2018 and 2020: (480 + 513 + (-97)) = €298.8 million;
- achievement rate of objective = 0%;
- below the trigger level of €428.4m.

Share options[1]

	Plans expired					
	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of AGM	23 May 2000		23 May 2000 and 13 May 2003	11 May 2004		2 May 2006
Date of Board of Directors' or Executive Board meeting (as relevant)	Not relevant to Lagardère SCA, which was a French partnership limited by shares until 30 June 2021 Grant date = date of decision by the Managing Partners					
Total number of shares under option[1]	1,271,740[*]	1,313,639[*]	1,453,451[*]	1,577,677[***]	1,736,769[**]	1,919,029[**]
O/w shares available for subscription or purchase by corporate officers[1]:						
Arnaud Lagardère	50,560	50,554	0	0	0	0
Pierre Leroy	30,336	30,333	40,444	50,433	62,345	62,350
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	62,345	62,350
Thierry Funck-Brentano	30,336	30,333	40,444	50,433	62,345	62,350
Start of exercise period	19 Dec. 2003	19 Dec. 2004	18 Dec. 2005	20 Nov. 2006	21 Nov. 2007	14 Dec. 2008
Option expiry date	19 Dec. 2008	19 Dec. 2009	18 Dec. 2013	20 Nov. 2014	21 Nov. 2015	14 Dec. 2016
Subscription or purchase price	€46.48[*]	€51.45[*]	51.45[*]	€41.64[***]	€45.69[**]	€44.78[**]
Number of shares vested at 28 February 2019	30,336[2]	-	-	-	-	-
Total number of share options cancelled or forfeited:						
Arnaud Lagardère	50,560	50,554	-	-	-	-
Pierre Leroy		30,333	40,444	50,433	62,345	62,350
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	62,345	62,350
Thierry Funck-Brentano	30,336	30,333	40,444	50,433	62,345	62,350
Share options[1] outstanding at end-2018:						
Arnaud Lagardère	0	0	-	-	-	-
Pierre Leroy	0	0	0	0	0	0
Dominique D'Hinnin	0	0	0	0	0	0
Thierry Funck-Brentano	0	0	0	0	0	0

[1] Share purchase plans only.

[2] Exercised by Pierre Leroy on 20 December 2005.

[*] After adjustment on 6 July 2005.

[**] After adjustment on 20 June 2014.

[***] After adjustments on 6 July 2005 and 20 June 2014.

Historical information on performance share awards

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10	Plan 11
Date of AGM	28 April 2009	28 April 2009	28 April 2009	28 April 2009	3 May 2013	3 May 2013	3 May 2016	3 May 2016	3 May 2016	10 May 2019	30 June 2021
Date of grant(*)	31 Dec. 2009	17 Dec. 2010	29 Dec. 2011	25 June 2012	26 Dec. 2013	1 April 2015	9 May 2016	6 April 2017	16 April 2018	14 May 2019	24 Sept. 2021
Total number of free shares granted(**)	50,000	116,000	104,000	115,017	115,017	96,000	64,000	64,000	64,000	64,000	34,000
Of which granted to:											
Arnaud Lagardère(***)	-	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	25,000	29,000	26,000	38,339	38,339	32,000	32,000	32,000	32,000	32,000	34,000
Philippe Camus	25,000	29,000	26,000	-	-	-	-	-	-	-	-
Dominique D'Hinnin	-	29,000	26,000	38,339	38,339	32,000	-	-	-	-	-
Thierry Funck-Brentano	-	29,000	26,000	38,339	38,339	32,000	32,000	32,000	32,000	32,000	-
Vesting date	2 April 2012 2 April 2014	2 April 2013	2 April 2014	1 April 2015	1 April 2017	1 April 2018	10 May 2019	7 April 2020	17 April 2021	15 May 2022	25 Sept. 2024
End of holding period(****)	2 April 2014	2 April 2015	2 April 2016	1 April 2017	1 April 2019	1 April 2020	10 May 2021	7 April 2022	17 April 2023	15 May 2024	25 Sept. 2026
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of shares vested at 28 February 2022	42,310	59,547	72,054	104,253	111,036	96,000	47,180	11,712	-	Not yet vested	Not yet vested
Total number cancelled or forfeited	7,690	56,453	31,946	10,764	3,981	0	16,820	52,288	64,000		
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	3,845	9,151	1,982	3,588	1,327	0	8,410	26,144	32,000	-	-
Philippe Camus	3,845	29,000	26,000	-	-	-	-	-	-	-	-
Dominique D'Hinnin	-	9,151	1,982	3,588	1,327	0	-	-	-	-	-
Thierry Funck-Brentano	-	9,151	1,982	3,588	1,327	0	8,410	26,144	32,000	-	-
Performance shares outstanding at 2021(**)	-	-	-	-	-	-	-	-	-	64,000	34,000
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	-	-	-	-	-	-	-	-	-	32,000	34,000
Philippe Camus	-	-	-	-	-	-	-	-	-	-	-
Dominique D'Hinnin	-	-	-	-	-	-	-	-	-	-	-
Thierry Funck-Brentano	-	-	-	-	-	-	-	-	-	32,000	-

(*) Up until the 14 May 2019 plan, since the Company was a French partnership limited by shares (*société en commandite par actions*), performance share awards were the responsibility of the Managing Partners and were only supervised by the Supervisory Board. Performance share awards under the 24 September 2021 and subsequent plans are now the responsibility of the Company's Board of Directors.
(**) After adjustment on 20 June 2014.
(***) Arnaud Lagardère, Chairman and Chief Executive Officer, is not eligible for any performance shares, nor was he eligible when he was Managing Partner.
(****) Applicable to 50% of the vested shares. The shares corresponding to the remaining 50% are subject to additional holding conditions (see section 2.5.1.3.B above).

Other

Executive corporate officers	Employment contract(1)		Supplementary pension plan		Indemnities or benefits receivable or likely to be receivable due to a termination or change of function		Indemnities receivable under a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Arnaud Lagardère Position: Chairman and Chief Executive Officer Date of appointment: 30 June 2021 End of term of office: AGM to be held in 2027 to approve the financial statements for the year ending 31 December 2026 *NB: Prior to his appointment as Chairman and Chief Executive Officer of the Company, Arnaud Lagardère was Managing Partner of Lagardère SCA, having been re-appointed in this capacity on 17 August 2020 for a four-year term.*		X	X(2)			X		X
Pierre Leroy Position: Deputy Chief Executive Officer Date of appointment: 30 June 2021 End of term of office: AGM to be held in 2027 to approve the financial statements for the year ending 31 December 2026 *NB: Prior to his appointment as Deputy Chief Executive Officer of the Company, Pierre Leroy was Co-Managing Partner(a) of Lagardère SCA.*	X(1)		X(2)			X(3)		X
Thierry Funck-Brentano Position: Co-Managing Partner(b) of Lagardère SCA until 30 June 2021	X(1)		X(2)			X(3)		X

(1) The Afep-Medef Corporate Governance Code recommendations that company officers should not hold employment contracts with the company only apply to the following persons: Chairman of the Board of Directors, Chairman and Chief Executive Officer, Chief Executive Officer of companies with a Board of Directors, Chairman of the Executive Board, Chief Executive Officer of companies with an Executive Board and Supervisory Board, and Managing Partners of French partnerships limited by shares (*société en commandite par actions*). Accordingly, such recommendations do not apply to Pierre Leroy in his capacity as Co-Managing Partner and then Deputy Chief Executive Officer of the Company, nor to Thierry Funck-Brentano, Co-Managing Partner of the Company up to 30 June 2021, the date of his retirement.

(2) See section 2.5.1.2.C B)/2.5.1.3.c B)/ 2.5.2.1 F.

(3) See section 2.5.1.2.C C)/2.5.1.3.C C)/2.5.2.1 G.

Pay ratios

In accordance with article L. 22-10-9 of the French Commercial Code, the following are presented:

- the ratios between (i) the remuneration of the officer and (ii) the average and median remuneration, on a full-time equivalent basis, of the Company's non-executive employees;
- year-on-year changes in remuneration; the Company's performance; the average remuneration, on a full-time equivalent basis, of the Company's employees; and the above ratios, covering at least the past five years.

In addition to this legal requirement, the Afep-Medef Code recommends that listed companies with a low number of employees publish this information based on a scope that is more representative of their overall payroll or workforce in France. The Afep-Medef Code states that 80% of a company's workforce in France can be considered as a representative scope.

Lagardère SA has less than ten employees, not including the Company's executive corporate officers, who are employed by a third company.

Consequently, the tables below set out the required disclosures concerning (i) the scope corresponding to Lagardère SA, in compliance with the compulsory provisions of article 22-10-9 of the French Commercial Code, and (ii) the scope corresponding to all of the French companies exclusively controlled by Lagardère SA within the meaning of article L. 233-16, II of said Code, in accordance with recommendation 26.2 of the Afep-Medef Code.

The tables below show the remuneration paid or allocated **during each year from 2017 to 2021** (i.e., including variable remuneration allocated in respect of the preceding year).

The remuneration amounts presented include – for the executive corporate officers as well as employees – the fixed portions, variable portions, and extraordinary remuneration paid during the year stated, on a gross basis.

In accordance with Afep-Medef guidelines, they also include **free shares awarded during the year**, valued in accordance with IFRS. The value stated corresponds to their grant-date valuation and therefore does not actually represent the value of the shares that will effectively be delivered at the end of the vesting period, which will depend on (i) the Company's share price on the delivery date and (ii) the achievement rate of the applicable performance conditions. For the Company's free share plans awarded in 2016, 2017 and 2018, the average delivery rate of shares to executive corporate officers was 31%. In addition, the value of the shares at their delivery date still does not reflect an amount paid to executive corporate officers since the shares cannot in any case be sold before the end of a minimum period of two years, and one-half of the shares remains subject to further holding periods. It should also be noted that no free share plans were awarded in 2020.

The amounts shown below do not, however, include the valuation of benefits-in-kind or, for employees, the components of employee savings plans (statutory and discretionary profit-shares, etc.), as details of these components cannot be provided for all of the employees included in the French scope.

The performance criteria presented are the financial criteria applied for calculating the executive corporate officers' annual variable remuneration, i.e.:

(i) For 2017 to 2020:

- the growth rate for recurring operating profit of fully consolidated companies, determined based on the rules defined in the Group's market guidance; and
- net cash from operating activities of fully consolidated companies, which represents the cash generated by the Group's operations.

(ii) For 2021:

- recurring operating profit of fully consolidated companies (recurring EBIT); and
- free cash flow.

As the remuneration amounts shown for each year are the amounts actually paid, these performance indicators are given each time for year Y-1, i.e., the year in respect of which they were assessed for the purpose of calculating the executive corporate officers' variable remuneration for year Y.

For 2021, the ratios between Arnaud Lagardère's remuneration and the Company's average and median remuneration are significantly lower than in other years. This is mainly due to a substantial reduction in the amount of variable annual remuneration awarded to Arnaud Lagardère in 2020 and paid in 2021, it being specified that the financial objectives had not been met in 2020 against the backdrop of the pandemic.

However, the ratios between Pierre Leroy's remuneration and the Company's average and median remuneration are fairly stable compared to previous years. This mainly reflects the inclusion in the calculation of the value of rights to free performance shares awarded to Pierre Leroy in 2021, which partially offsets a sharp decrease in the variable annual remuneration awarded in 2020 and paid in 2021, it being specified that no free performance shares were granted in 2020 against the backdrop of the pandemic.

The value of these free shares awarded in 2021 also explains the residual increase in the ratio between Pierre Leroy's remuneration and the average remuneration of French Group employees compared to 2020, it being specified that no free share plan was granted in 2020. Similarly, the median Group remuneration ratio is lower than in previous years and, as for Arnaud Lagardère, can be explained by a substantial reduction in the amount of variable annual remuneration awarded to Pierre Leroy in 2020 and paid in 2021.

However, the average and median remuneration ratios for the French Group are lower both for Arnaud Lagardère and Thierry Funck-Brentano, which reflects the fact that neither officer received any rights to free shares in 2021 (no such award was provided for in the 2021 remuneration policy in the case of Arnaud Lagardère and Thierry Funck-Brentano was no longer a Group employee at the date of the free share award).

For 2021, the four ratios relating to Thierry Funck-Brentano are 50% lower compared to previous years. This is mainly due to the payment in 2021 of a proportionate amount of fixed remuneration, given that Thierry Funck-Brentano's duties as a Co-Managing Partner ended on 30 June 2021.

Arnaud Lagardère

	2017	2018	2019	2020	2021
Remuneration paid or allocated during the year (in €)	2,851,822	2,445,529	2,768,929	2,672,455	1,534,479
Average remuneration paid or allocated during the year to Company employees (in €)	415,095	328,974	352,018	277,431	299,002
Ratio versus the average remuneration of Company employees	7	7	8	10	5
Median remuneration paid or allocated during the year to Company employees (in €)	255,548	251,902	260,472	212,681	221,728
Ratio versus the median remuneration of Company employees	11	10	11	13	7
Average remuneration paid or allocated during the year to Group employees in France (in €)	57,659	56,468	56,098	52,338	52,301
Ratio versus the average remuneration of Group employees in France	49	43	49	51	29
Median remuneration paid or allocated during the year to Group employees in France* (in €)	51,771	50,535	50,745	50,675	50,901
Ratio versus the median remuneration of Group employees in France*	55	48	55	53	30
Year-on-year increase in Group recurring operating profit (in %)	+13.5	+6.74	+2.14	+5.63	not applicable
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	457.9	318.2	482.5	513.6	not applicable
Recurring operating profit of fully consolidated companies in the prior year (in €m)	not applicable	not applicable	not applicable	not applicable	(155)
Free cash flow in the prior year (in €m)	not applicable	not applicable	not applicable	not applicable	(256)

(*) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope. No free shares were awarded in 2020.

Pierre Leroy

	2017	2018	2019	2020	2021
Remuneration paid or allocated during the year (in €)	2,959,280*	2,702,440*	2,722,380*	2,123,367	2,464,140*
Average remuneration paid or allocated during the year to Company employees (in €)	415,095	328,974	352,018	277,431	299,002
Ratio versus the average remuneration of Company employees	7	8	8	8	8
Median remuneration paid or allocated during the year to Company employees (in €)	255,548	251,902	260,472	212,681	221,728
Ratio versus the median remuneration of Company employees	12	11	10	10	11
Average remuneration paid or allocated during the year to Group employees in France (in €)	57,659	56,468	56,098	52,338	52,301
Ratio versus the average remuneration of Group employees in France	51	48	49	41	47
Median remuneration paid or allocated during the year to Group employees in France (in €)**	51,771	50,535	50,745	50,675	50,901
Ratio versus the median remuneration of Group employees in France**	43	42	43	42	36
Year-on-year increase in Group recurring operating profit (in %)	+13.5	+6.74	+2.14	+5.63	not applicable
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	457.9	318.2	482.5	513.6	not applicable
Recurring operating profit of fully consolidated companies in the prior year (in €m)	not applicable	not applicable	not applicable	not applicable	(155)
Free cash flow in the prior year (in €m)	not applicable	not applicable	not applicable	not applicable	(256)

(*) Including 34,000 performance share rights valued in accordance with IFRS. No free shares were awarded in 2020. The average overall delivery rate of shares awarded in 2016, 2017 and 2018 was 31%. After delivery, all of the shares are subject to a lock-up period of at least two years and 25% must be held for as long as Pierre Leroy is in office.
(**) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope. No free shares were awarded in 2020.

Thierry Funck-Brentano

	2017	2018	2019	2020	2021
Remuneration paid or allocated during the year (in €)	2,681,280*	2,434,440*	2,454,380*	1,864,300	965,500
Average remuneration paid or allocated during the year to Company employees (in €)	415,095	328,974	352,018	277,431	299,002
Ratio versus the average remuneration of Company employees	6	7	7	7	3
Median remuneration paid or allocated during the year to Company employees (in €)	255,548	251,902	260,472	212,681	221,728
Ratio versus the median remuneration of Company employees	11	10	9	9	4
Average remuneration paid or allocated during the year to Group employees in France (in €)	57,659	56,468	56,098	52,338	52,301
Ratio versus the average remuneration of Group employees in France	47	43	44	36	18
Median remuneration paid or allocated during the year to Group employees in France** (in €)	51,771	50,535	50,745	50,675	50,901
Ratio versus the median remuneration of Group employees in France**	38	36	38	37	19
Year-on-year increase in Group recurring operating profit (in %)	+13.5	+6.74	+2.14	+5.63	not applicable
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	457.9	318.2	482.5	513.6	not applicable
Recurring operating profit of fully consolidated companies in the prior year (in €m)	not applicable	not applicable	not applicable	not applicable	(155)
Free cash flow in the prior year (in €m)	not applicable	not applicable	not applicable	not applicable	(256)

(*) Including 32,000 performance share rights valued in accordance with IFRS. No free shares were awarded in 2020. The average overall delivery rate of shares awarded in 2016, 2017 and 2018 was 31%. After delivery, all of the shares are subject to a lock-up period of at least two years, with 25% subject to a lock-up period that terminated when Thierry Funck-Brentano ceased to hold office, i.e., 30 June 2021.

(**) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope. No free shares were awarded in 2020.

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2.5.2.3 Approval of the components of remuneration paid during or allocated in respect of 2021 to the executive corporate officers

The fixed, variable and extraordinary components making up the total remuneration and benefits paid during or allocated in respect of 2021 to the executive corporate officers are, in accordance with articles L. 22-10-77, II and L. 22-10-34 of the French Commercial Code, submitted to the approval of the Company's shareholders at the Annual General Meeting to be held on 22 April 2022.

These components, which are described in detail in the preceding sections, are summarised below in the format recommended in the Afep-Medef Code.

Arnaud Lagardère

Components of remuneration put to the shareholders' vote	Amounts paid in 2021	Amounts allocated in respect of 2021 (or accounting values)	Presentation
Annual fixed remuneration	€1,140,729	€1,140,729	▪ The amount of gross fixed remuneration awarded in 2021 has remained unchanged since 2009.
Annual variable remuneration	€393,750 (amount allocated in respect of 2020, approved by 99.65% of the votes cast at the 30 June 2021 Annual General Meeting (9th resolution)	€1,711,094	▪ This annual variable remuneration is based solely on quantitative financial criteria (75% weighting) and non-financial CSR criteria (25% weighting). ▪ The financial criteria are related to the Group's 2021 performance (recurring operating profit of fully consolidated companies and free cash flow) (see section 2.5.2.1 of this Universal Registration Document). ▪ The non-financial CSR criteria are related to the Group's 2021 performance with regard to its priority commitments under its Corporate Social Responsibility policy (proportion of female executive managers, proportion of certified and/or recycled paper in 2021, reduction in the use of plastic in all proprietary concepts in 2021, ranking in the Dow Jones Sustainability Index) (see section 2.5.2.1 of this Universal Registration Document). ▪ The achievement rates are applied to a benchmark amount of (i) €1,050,000 for the financial criteria (75% weighting) and (ii) €350,000 for CSR non-financial criteria (25% weighting). ▪ Arnaud Lagardère's annual variable remuneration may not exceed 150% of his annual fixed remuneration. ▪ In light of the achievement rates attained in 2021, Arnaud Lagardère's annual variable remuneration was capped at 150% of his annual fixed remuneration for that year.
Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Arnaud Lagardère does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	N/A	▪ Arnaud Lagardère has not received any share options, performance shares, or other grants of securities since his appointment as an executive corporate officer in 2003.
Extraordinary remuneration	N/A	N/A	▪ Arnaud Lagardère did not receive any extraordinary remuneration for 2021.
Remuneration for offices held	N/A	€22,319	▪ The amount due to Arnaud Lagardère for 2021 corresponds to two basic portions of fees based on an attendance rate of 80%.
Benefits in kind		€17,364	▪ This corresponds to Arnaud Lagardère's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Arnaud Lagardère is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Arnaud Lagardère is not entitled to any benefits of this nature.

Supplementary pension plan	€0	€0	▪ Arnaud Lagardère is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Management for members of the Executive Committee. ▪ In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed these pension regimes, the plan was closed to new entrants as from 2019 and the benefits accrued under the plan along with the beneficiaries' benchmark remuneration were frozen as at 31 December 2019. ▪ The plan was a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. Arnaud Lagardère's pension benefit entitlements accrue at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual ceiling used to calculate social security contributions. As the number of years of plan membership used to calculate the benefit entitlements was capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration. ▪ At 31 December 2021, the estimated amount of Arnaud Lagardère's future annuity, determined in accordance with the applicable regulations, is the amount calculated at 31 December 2019, i.e., €686,490, representing approximately 37.38% of his total gross remuneration (fixed and variable) paid in 2021. ▪ No benefits were due or paid to Arnaud Lagardère under this plan for 2021. ▪ A new "vested benefits" supplementary pension plan was set up for 2020 and 2021 in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code. This is an individual rather than collective plan and is "portable", in that the benefits will be attached to the Chairman and Chief Executive Officer and will be carried over even in case of a change of employer. Under this plan, the supplementary pension benefits will vest to the Chairman and Chief Executive Officer at a rate of 1.25% of the benchmark remuneration each year. The benchmark remuneration corresponds to the gross annual remuneration (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions. Vesting is subject to performance conditions and requires an achievement rate of at least 75% for the annual financial and non-financial targets used to determine the Chairman and Chief Executive Officer' annual variable remuneration. In accordance with the provisions of the instruction of 23 December 2020, this new plan applies with effect from 1 January 2020 and, exceptionally, the performance conditions were not applied to rights in respect of the 2020 fiscal year. ▪ As the performance conditions were met in 2021, the rights vested to Arnaud Lagardère represented 1.25% each for 2020 and 2021. ▪ At 31 December 2021, the estimated amount of Arnaud Lagardère's future annuity was €44,898. ▪ No benefits was paid to Arnaud Lagardère under this plan for 2021.

Pierre Leroy

Components of remuneration put to the shareholders' vote	Amounts paid in 2021	Amounts allocated in respect of 2021 (or accounting values)	Presentation
Annual fixed remuneration	€1,474,000	€1,474,000	▪ The gross fixed remuneration awarded in 2021 has remained unchanged since 2011.
Annual variable remuneration	€362,500 (amount allocated in respect of 2020, approved by 99.67% of votes cast at the 30 June 2021 Annual General Meeting – tenth resolution)	€1,105,500	▪ Pierre Leroy's annual variable remuneration includes: • a portion based on quantitative criteria, as follows: - financial criteria (50% weighting) related to the Group's performance in 2021 (recurring operating profit of fully consolidated companies and free cash flow) (see section 2.5.2.1 of this Universal Registration Document), - non-financial CSR criteria (25% weighting) related to the Group's performance in 2021 with regard to its priority commitments under its Corporate Social Responsibility policy (proportion of female executive managers, proportion of certified and/or recycled paper in 2021, reduction in the use of plastic in all proprietary concepts in 2021, ranking in the Dow Jones Sustainability Index) (see section 2.5.2.1 of this Universal Registration Document); • a qualitative portion, corresponding to a set of priority targets related to two domains, each of which are given an equal weighting: the roll-out of the Group's strategic plan and the quality of governance and management (see section 2.5.2.1 of the Universal Registration Document). ▪ Pierre Leroy's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €450,000 and (ii) a "qualitative portion" benchmark amount of €150,000, representing an overall benchmark amount of €600,000. Consequently, 75% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 25% on qualitative criteria. ▪ Pierre Leroy's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 25% of his annual fixed remuneration. The qualitative portion may not therefore represent more than 33% of his maximum annual variable remuneration. ▪ In light of the achievement rates attained in 2021, Pierre Leroy's annual variable remuneration was capped at 75% of his annual fixed remuneration for that year.
Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Pierre Leroy does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	€627,640	▪ In 2021 Pierre Leroy was awarded 34,000 rights to performance shares, representing 0.024% of the Company's share capital. ▪ These performance shares will vest after two years, in 2024, provided that (i) Pierre Leroy is still an executive corporate officer of the Company on the vesting date, and (ii) the following performance conditions have been met for the period from 2021-2023 (the "Reference Period": – **for 25% of the shares awarded:** achievement of a pre-defined return on capital employed (ROCE) in the last year of the Reference Period, with trigger and target amounts set by the Board of Directors, and proportional vesting on a straight-line basis of 0% to 100% of the shares between these two amounts; – **for 25% of the shares awarded:** achievement of a pre-defined cumulative amount of free cash flow during the Reference Period, with trigger and target amounts set by the Board of Directors, and proportional vesting on a straight-line basis of 0% to 100% of the shares between these two amounts; – **for 20% of the shares awarded**: Lagardère SA's average annual Total Shareholder Return (TSR) compared with (i) the average annual TSR of a panel of eight competitor companies (Relx, Pearson, Mondadori, Bloomsbury, Dufry, Valora, WH Smith and Autogrill) for 10% of the shares awarded, and (ii) the average annual TSR of the other companies in the CAC Mid 60 index for the other 10% of the shares. For each objective, the vested portion will be (i) halved if Lagardère's TSR is at least equal to the average annual TSR of the reference panel, will be (ii) the full amount if the TSR is at least 2% higher than the average annual TSR of the reference panel, (iii) calculated on a proportionate ranging from 50% to 100% of the shares allocated, if Lagardère's average annual TSR is between these two levels, and (iv) zero if Lagardère's average annual TSR is lower than the average annual TSR of the reference panel; – **for 30% of the shares awarded:** non-financial objectives linked to the Group's priority commitments, with (i) 10% of the shares contingent on the achievement of a proportion of certified and/or recycled paper of 98% or more, with the trigger level at 95%, (ii) 10% of the shares contingent on the achievement of a proportion of use of eco-responsible consumables of 100%, with the trigger level at 95%, and (iii) 10% of the shares contingent on

			the achievement by the end of 2023 of 44% of women "top executives" at Group level, with the trigger level at 42% and, for each objective, vesting on a proportionate basis ranging from between 0% and 100% of the shares allocated between these two levels. ▪ Vested performance shares must be held for at least two years. Subsequently, a quarter of the shares must be held until Pierre Leroy has built up a portfolio of Lagardère shares whose value is at least equal to one year's worth of his remuneration, and another quarter must be held for as long as he is with the Group. ▪ This performance share grant was approved by the Board of Directors at its 24 September 2021 meeting based on the recommendation of the Appointments, Remuneration and CSR Committee, using the authorisation given at the 30 June 2021 Annual General Meeting (42nd resolution). ▪ Pierre Leroy did not receive any share options in 2021 and was not granted any securities other than the above-described performance shares.
Extraordinary remuneration	N/A	€800,000	▪ The Board of Directors awarded Pierre Leroy extraordinary remuneration for 2021 in a gross amount of €800,000, in recognition of his efficiency, perseverance and deep personal involvement, qualities that proved decisive in the process of transforming the Company into a joint-stock company, implementing its new governance arrangements and negotiating the settlement agreement that put an end to the various disputes that had mobilised the Company's General Management for several years against one of its shareholders (see section 2.5.2.1 H of the Universal Registration Document).
Remuneration for offices held	N/A	N/A	▪ Pierre Leroy was not entitled to and did not receive any remuneration in his capacity as a Board Advisor in 2021.
Benefits in kind		€16,219	▪ This corresponds to Pierre Leroy's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Pierre Leroy is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Pierre Leroy is not entitled to any benefits of this nature.
Supplementary pension plan	€0	€0	▪ Pierre Leroy is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Management for members of the Executive Committee. ▪ In accordance with French "Pacte law" and Order no. 2019-697 dated 3 July 2019 reforming these pension plans, the plan in place within Lagardère Management was closed to new entrants as from 4 July 2019, with benefits accrued under the plan frozen as at 31 December 2019. ▪ The plan was a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. Pierre Leroy's pension benefit entitlements accrue at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual ceiling used to calculate social security contributions. As the number of years of plan membership used to calculate the benefit entitlements was capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration. ▪ At 31 December 2021, the estimated amount of Pierre Leroy's future annuity, determined in accordance with the applicable regulations, is the amount calculated at 31 December 2019, i.e., €686,490, representing approximately 37.38% of his total gross remuneration (fixed and variable) paid in 2021. ▪ No benefits were due or paid to Pierre Leroy under this plan for 2021. ▪ A new "vested benefits" supplementary pension plan was set up for 2020 and 2021 in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code. This is an individual rather than collective plan and is "portable", in that the benefits will be attached to the Deputy Chief Executive Officer and will be carried over even in case of a change of employer. Under this plan, the supplementary pension benefits will vest to the Deputy Chief Executive Officer at a rate of 1.25% of the benchmark remuneration each year. The benchmark remuneration corresponds to the gross annual remuneration (fixed + variable) and cannot exceed 50 times the annual ceiling used to calculate social security contributions. Vesting is subject to performance conditions and requires an achievement rate of at least 75% for the annual financial and non-financial targets used to determine the Deputy Chief Executive Officer's annual variable remuneration. In accordance with the provisions of the instruction of 23 December 2020, this new plan applies with effect from 1 January 2020 and, exceptionally, the performance conditions were not applied to rights in respect of the 2020 fiscal year.

	▪ As the performance conditions were met in 2021, benefits vested by Pierre Leroy represented 1.25% each for 2020 and 2021. ▪ At 31 December 2021, the estimated amount of Pierre Leroy's future annuity was €48,660. ▪ No benefits was paid to Pierre Leroy under this plan for 2021.

Thierry Funck-Brentano

Components of remuneration put to the shareholders' vote	Amounts paid in 2021	Amounts allocated in respect of 2021 (or accounting values)	Presentation
Annual fixed remuneration	€603,000	€603,000	▪ The gross fixed remuneration awarded in 2021 has remained unchanged since 2011. As Thierry Funck-Brentano left the Company on 30 June 2021, this remuneration was paid to him on a pro rata basis.
Annual variable remuneration	€362,500 (amount allocated in respect of 2020, approved by 99.65% of votes cast at the 30 June 2021 Annual General Meeting – eleventh resolution)	€452,250	▪ Thierry Funck-Brentano's annual variable remuneration includes: • a portion based on quantitative criteria, as follows: - financial criteria (50% weighting) related to the Group's performance in 2021 (recurring operating profit of fully consolidated companies and free cash flow) (see section 2.5.2.1 of this Universal Registration Document), - non-financial CSR criteria (25% weighting) related to the Group's performance in 2021 with regard to its priority commitments under its Corporate Social Responsibility policy (proportion of female executive managers, proportion of certified and/or recycled paper in 2021, reduction in the use of plastic in all proprietary concepts in 2021, ranking in the Dow Jones Sustainability Index) (see section 2.5.2.1 of this Universal Registration Document); • a qualitative portion, corresponding to a set of priority targets related to two domains, each of which are given an equal weighting: the roll-out of the Group's strategic plan and the quality of governance and management (see section 2.5.2.1 of the Universal Registration Document). ▪ Thierry Funck-Brentano's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €400,000 and (ii) a "qualitative portion" benchmark amount of €200,000, representing an overall benchmark amount of €600,000. Consequently, 66.66% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 33.33% on qualitative criteria. ▪ Thierry Funck-Brentano's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 25% of his annual fixed remuneration. The qualitative portion may not therefore represent more than 33% of his maximum annual variable remuneration. ▪ In light of the achievement rates attained in 2021, Thierry Funck-Brentano's annual variable remuneration was capped at 75% of his annual fixed remuneration for that year. ▪ As Thierry Funck-Brentano left the Company on 30 June 2021, this remuneration was determined on a proportionate basis.

Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Thierry Funck-Brentano does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	N/A	▪ Thierry Funck-Brentano did not receive any other share options in 2021 and was not granted any securities other than the above-described performance shares.
Extraordinary remuneration	N/A	N/A	▪ Thierry Funck-Brentano did not receive any extraordinary remuneration for 2021.
Remuneration for offices held	N/A	N/A	▪ Thierry Funck-Brentano was not entitled to and did not receive any directors' fees for 2021.
Benefits in kind		€5,388	▪ This corresponds to Thierry Funck-Brentano's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	€1,103,981	▪ In the context of his retirement with effect from 1 July 2021, Thierry Funck-Brentano received compensation for paid leave in an amount of €146,593, as well as a contractual retirement indemnity of €957,388, corresponding to six months' remuneration based on his last remuneration, for service of more than 40 years with the Group, in accordance with the applicable collective agreement.
Benefits linked to non-competition agreements	N/A	N/A	▪ Thierry Funck-Brentano is not entitled to any benefits of this nature.
Supplementary pension plan	€0	€660,408	▪ Thierry Funck-Brentano is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Management for members of the Executive Committee. ▪ In accordance with French Government Order no. 2019-697 dated 3 July 2019, which reformed these pension regimes, the plan was closed to new entrants as from 2019 and the benefits accrued under the plan along with the beneficiaries' benchmark remuneration were frozen as at 31 December 2019. ▪ The plan was a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. Thierry Funck-Brentano's pension benefit entitlements accrue at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual ceiling used to calculate social security contributions. As the number of years of plan membership used to calculate the benefit entitlements was capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration. ▪ Thierry Funck-Brentano retired under this plan with effect from 1 July 2021 and has since been paid an annual non-reversionary pension of €660,408.

2.6 REMUNERATION AND BENEFITS OF BOARD MEMBERS

Articles L. 22-10-8 *et seq*. of the French Commercial Code provide for a strict legal framework for the remuneration of corporate officers.

The purpose of this section is to present (i) **the remuneration policies for the members of the Company's Board of Directors for 2022** and (ii) **the components of the total remuneration and benefits paid during or allocated in respect of 2021** to Board members.

These remuneration policies and components will be submitted for shareholder approval at the Annual General Meeting to be held on 22 April 2022.

2.6.1 REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to articles L. 225-45, L. 22-10-8 and L. 22-10-14 of the French Commercial Code, the members of the Board of Directors are paid an annual fixed fee whose amount is set by the shareholders at the General Meeting of shareholders. The allocation of this sum is then determined in the remuneration policy set by the Board of Directors and submitted for shareholder approval at the Annual General Meeting.

In order to ensure continuity and stability in remuneration principles for both the Company and its shareholders, the first remuneration policies adopted in 2021 to apply immediately to the Company in its new form as a French joint-stock company (*société anonyme*) as from 30 June 2021 have been structured in a strictly identical manner to the most recent policies previously applicable to the Company in its form as a French partnership limited by shares (*société en commandite par actions*) until 30 June 2021.

As part of its role of making recommendations to the Board of Directors on the remuneration of corporate officers, the new Appointments, Remuneration and CSR Committee appointed on 30 June 2021 nevertheless decided to review these remuneration policies in order to assess their alignment with the rules of good governance (Afep-Medef Code, AMF and HCGE recommendations on corporate governance, voting policies of proxy advisory firms, etc.) as well as with observed market practices. The purpose of this review was to enable the Committee to recommend to the Board changes to these policies that would also take into account the Company's new governance.

On the basis of this work, at its meeting of 16 February 2022 the Board of Directors decided, on the recommendation of the Appointments, Remuneration and CSR Committee, to amend the rules for allocating fees among the members of the Board and to recommend to shareholders at the Annual General Meeting to increase the amount of the overall annual fees awarded for this purpose accordingly.

This modification is intended to (i) take into account the conversion of the Company from a partnership limited by shares into a joint-stock company with a Board of Directors with different responsibilities from a Supervisory Board and accordingly, to align the Company's directors' remuneration with market practices, based on benchmark studies carried out against similar-sized SBF 120 index companies with boards of directors, and (ii) take into account in the 2022 remuneration policy the specific new duties of the Board of Directors in connection with the public tender offer launched by Vivendi SE, which resulted in a new *ad hoc* Board Committee being set up on 17 December 2021, tasked with monitoring the entire process, which is likely to extend over the whole of 2022.

The following changes were made to the 2022 remuneration policy for the members of the Board of Directors:

- members of the Appointments, Remuneration and CSR Committee are entitled to 2 portions of fees compared to 1.5 portions in the previous policy, in line with the remuneration of Audit Committee members;
- the overall amount of fees was increased from €700,000 to €760,000 to reflect this increase in the remuneration of members of the Appointments, Remuneration and CSR Committee;
- for 2022, additional fees of €237,500 are made available to remunerate the *ad hoc* Committee set up in the context of the

planned public tender offer, with remuneration equivalent to the other two committees (no additional portion for the Chairman);

- the overall amount of fees submitted for shareholder approval at the Annual General Meeting is thereby increased to €997,500;
- no change in the other rules of the 2021 remuneration policy.

Accordingly, at the Annual General Meeting to be held on 22 April 2022, shareholders will be asked to set the overall annual amount of fees to be allocated to members of the Board of Directors at €997,500.

Under this new remuneration policy, the rules for allocating these fees are described below. These rules apply to all members of the Board of Directors, including the employee directors:

- each member of the **Board of Directors** is entitled to **1 basic portion**;
- each member of the **Audit Committee** is entitled to **2 additional portions**;
- each member of the **Appointments, Remuneration and CSR Committee** is entitled to **2 additional portions**;
- each member of the ***ad hoc* Committee** is entitled to **2 additional portions**;
- the **Chairs** of the Board and the committees (excluding the *ad hoc* Committee) are entitled to **1 additional portion**;
- in accordance with the Articles of Association, the Board of Directors may decide to transfer part of the remuneration that the Ordinary General Meeting has allocated to the members of the Board of Directors to the Board Advisor.

The basic portion of the remuneration is equal to the aggregate amount of the fees divided by the total number of portions to which Board members are entitled.

Sixty percent of these fees is paid based on each member's actual attendance at the Board of Directors meetings and the meetings of the Board(s) of which he or she is a member.

The fees are paid by Lagardère SA, on an annual basis at the start of each year for amounts due in respect of the prior year.

In accordance with the recommendations of the Afep-Medef Code, the members of the Board of Directors do not receive any further variable remuneration, share or performance share options, or any further benefits for their role as directors.

However, in accordance with the applicable legal provisions, the employee directors will hold employment contracts with the Company or one of its subsidiaries and therefore receive remuneration corresponding to their position (salary and, where applicable, any incentives, profit sharing, variable remuneration and/or free shares).

The policy applied takes into account members' actual attendance at Board and Board Committee meetings when determining the variable portion, which makes up **the majority of their overall remuneration**. The policy therefore ensures that the directors receive reasonable, balanced and fair remuneration that is fully aligned with the corporate and long-term interests of the Company.

The Board of Directors may decide to make an exception to the remuneration policy by modifying the criteria applicable to the overall fees or by allocating an additional portion to one or more members in consideration for the completion of specific ad hoc missions. Any such temporary exception would be made public and justified, notably with regard to the Group's corporate interests.

2.6.2 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2021 TO MEMBERS OF THE BOARD

This section notably includes, with regard to the members of the Board, the information referred to in article L. 22-10-9 of the French Commercial Code.

The tables provided in this section show the remuneration based on the presentation format recommended in the Afep-Medef Code and AMF recommendation no. 2021-02.

As a reminder, the Annual General Meeting of 30 June 2021 approved the conversion of the Company from a partnership limited by shares into a French joint-stock company (*société anonyme*).

From 1 January 2021 to 30 June 2021, the Company therefore operated in the form of a partnership limited by shares (*société en commandite par actions*), with Managing Partners and a Supervisory Board chaired by Patrick Valroff. From 30 June to 31 December 2021, it operated in the form of a joint-stock company with a Board of Directors chaired by Arnaud Lagardère, Chairman and Chief Executive Officer.

As a result of this conversion, the Annual General Meeting of 30 June 2021 also approved two sets of remuneration policies to be applied successively by the Company in 2021, first as a partnership limited by shares and then as a joint-stock company. In order to ensure the continuity and stability of remuneration principles for both the Company and its shareholders, these two sets of remuneration policies were nevertheless established in a strictly identical manner.

Accordingly, the total annual remuneration allocated to the Board of Directors by the Annual General Meeting was divided into two: one half to remunerate the Supervisory Board in office until 30 June 2021 and the other half to remunerate the Board of Directors in office as from 30 June 2021.

2.6.2.1 Total remuneration and benefits paid during or awarded for 2021 to the members of the Company's Supervisory Board (in office until 30 June 2021)

In accordance with legal provisions, the remuneration policy applicable to members of the Supervisory Board was drawn up by the Supervisory Board at its meeting on 26 April 2021, based on the proposals set out by the Appointments, Remuneration and CSR Committee at its meeting on 30 March 2021.

The components of remuneration for members of the Supervisory Board for 2021 were therefore determined and allocated in this context.

The Supervisory Board was allocated fixed annual remuneration of €700,000 by a resolution of the Ordinary and Extraordinary General Meeting of 10 May 2011, which was adopted by 98.25% of the votes.

As the terms of office of the members of the Supervisory Board expired on 30 June 2021, this amount was halved for their remuneration for 2021.

The allocation criteria for this remuneration were as follows. These rules applied to all members of the Supervisory Board, including the members representing Group employees:

- each member of the Supervisory Board was entitled to 1 basic portion;
- each member of the Audit Committee was entitled to 2 additional portions;
- each member of the Strategy Committee was entitled to 1.5 additional portions;
- each member of the Appointments, Remuneration and CSR Committee were entitled to 1.5 additional portions;
- the Chairs of the Board and the Committees were entitled to 1 additional portion.

The basic portion of the remuneration was equal to the aggregate amount of the fees divided by the total number of portions to which Board members are entitled.

Sixty percent of these fees was paid based on each member's actual attendance at the Supervisory Board meetings and the meetings of the Committee(s) of which he or she is a member.

In accordance with the recommendations of the Afep-Medef Code, the members of the

Supervisory Board – including its Chairman – did not receive any further variable remuneration, share or performance share options, or any further benefits.

However, in accordance with the applicable legal provisions, the members of the Supervisory Board representing Group employees held employment contracts with the Company or one of its subsidiaries and therefore received remuneration corresponding to their position (salary and, where applicable, any incentives, profit sharing, variable remuneration and/or free shares).

Members of the Supervisory Board

Pursuant to the allocation criteria described above, the members of the Supervisory Board received the following remuneration:

(in euros)	Amount allocated for 2020	Amount allocated for first-half 2021
Nathalie Andrieux	14,634.15	-
Jamal Benomar	47,500.00 (1)	28,225.81 (1)
Valérie Bernis	13,414.63	28,225.81
Martine Chêne	8,536.59	-
François David	15,853.66	-
Michel Defer	2,134.15	11,290.32
Yves Guillemot	13,658.55	-
Soumia Malinbaum	53,353.66	28,225.81
Hélène Molinari	13,109.76	-
Guillaume Pepy	109,146.34	62,096.77
Gilles Petit	103,658.54	56,451.61
Nicolas Sarkozy	49,939.02	28,225.81
Xavier de Sarrau	8,231.71 (1)	-
Aline Sylla-Walbaum	39,024.39	-
Susan M. Tolson	57,926.83 (1)	32,903.23 (1)
Patrick Valroff	138,719.51	73,387.10
Total	**688,841.49** (1)	**349,032.27** (1)

(1) Withholding tax is deducted from this amount.

2.6.2.1.A Chairman of the Supervisory Board

Further to the Company's application of the legal provisions, the fixed, variable and extraordinary components making up the total remuneration and benefits paid during or allocated in respected of 2021 to the Chairman of the Supervisory Board will, in accordance with articles L. 22-10-77 II and L. 22-10-34 II of the French Commercial Code, be submitted to the approval of the Company's shareholders at the Annual General Meeting to be held on 22 April 2022.

In his capacity as Chairman of the Supervisory Board of Lagardère SCA until 30 June 2021, Patrick Valroff did not receive any remuneration other than the fees allocated in accordance with the allocation rules described above.

Patrick Valroff (Chairman of the Supervisory Board of Lagardère SCA until 30 June 2021)

Remuneration received				
	Fiscal year 2020		Fiscal year 2021	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Remuneration	138,719.51 (1)	63,926.94	73,387.10 (1)	138,719.51
Other remuneration	N/A	N/A	N/A	N/A
Total	**138,719.51**	**63,926.94**		

(1) Amount corresponding to six and a half basic portions of fees based on an attendance rate of 100%.

Pay ratios

The methods used for calculating these ratios were the same as those used for the executive corporate officers (see section 2.5.2.2 above).

For 2021, the increase in the four ratios is slightly more significant compared to 2020 and mainly reflects the higher remuneration paid to Patrick Valroff in 2020 for his additional office as a member of the Strategic Committee, which was created in that year and which he chaired.

	2017	2018	2019	2020	2021
Remuneration paid or allocated during the year (in €)	55,263	55,629	58,721	63,926	138,720
Average remuneration paid or allocated during the year to Company employees (in €)	415,095	328,974	352,018	277,431	92,883
Ratio versus the average remuneration of Company employees	0.1	0.1	0.1	0.2	1.5
Median remuneration paid or allocated during the year to Company employees (in €)	255,548	251,902	260,472	212,681	348,310
Ratio versus the median remuneration of Company employees	0.2	0.2	0.2	0.3	0.4
Average remuneration paid or allocated during the year to Group employees in France (in €)	57,659	56,468	56,098	52,338	52,301
Ratio versus the average remuneration of Group employees in France	1	1	1	1.2	2.7
Median remuneration paid or allocated during the year to Group employees in France (1) (in €)	51,771	50,535	50,745	50,675	50,901
Ratio versus the median remuneration of Group employees in France (1)	1.1	1.1	1.1	1.3	2.7
Recurring operating profit of fully consolidated companies in the prior year (in €m)	N/A	N/A	N/A	N/A	(155)
Free cash flow in the prior year (in €m)	N/A	N/A	N/A	N/A	(256)

(1) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope.

2.6.2.1.B Approval of the components of remuneration paid during or allocated in respect of 2021 to the Chairman of the Supervisory Board

Further to the Company's application of the legal provisions, the fixed, variable and extraordinary components making up the total remuneration and benefits paid during or allocated in respected of 2021 to the Chairman of the Supervisory Board will, in accordance with article L. 22-10-77 II of the French Commercial Code, be submitted to the approval of the Company's shareholders at the Annual General Meeting to be held on 22 April 2022.

These components, which are described in detail in the preceding sections, are summarised below in the format recommended in the Afep-Medef Code.

Patrick Valroff

Components of remuneration put to the shareholders' vote	Amounts paid in 2021	Amounts allocated in respect of 2021 (or accounting values)	Presentation
Annual fixed remuneration	N/A	N/A	▪ Patrick Valroff does not receive any annual fixed remuneration.
Annual variable remuneration	N/A	N/A	▪ Patrick Valroff does not receive any annual variable remuneration.
Multi-annual cash-settled variable remuneration	N/A	N/A	▪ Patrick Valroff does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	N/A	▪ Patrick Valroff does not receive any share options, performance shares or grants of other securities.
Extraordinary remuneration	N/A	N/A	▪ Patrick Valroff does not receive any extraordinary remuneration.

Remuneration for offices held	€138,719.51 (Amount allocated in respect of 2020)	€73,387.10	▪ This amount corresponds to the fees due to Patrick Valroff in 2022 for the duties he performed in 2021 as Chairman of the Supervisory Board and of the Audit Committee, and as member of the Strategy Committee. ▪ The aggregate amount of fees allocated among Supervisory Board members was set by the shareholders at €700,000 at the Annual General Meeting of 10 May 2011. For 2021, this amount was halved to reflect its period of activity, i.e., €350,000. In respect of 2021, each member of the Supervisory Board received a basic portion of fees. The following members also received an additional portion of fees corresponding to a multiple of the basic portion: members of the Audit Committee (twice the basic portion), members of the Strategy Committee and members of the Appointments, Remuneration and CSR Committee (1.5 times the basic portion) and the Chair of the Supervisory Board and the Committee Chairs (one basic portion). The basic portion of fees is equal to the total fees divided by the total number of portions to which Board members are entitled. The variable portion of the fees, which is determined based on actual attendance at meetings, represents 60% of the total amount received. ▪ The amount due to Patrick Valroff for 2021 corresponds to 6.5 basic portions of fees based on an attendance rate of 100%.
Benefits in kind	N/A	N/A	▪ Patrick Valroff does not receive any benefits in kind.
Benefits linked to taking up or terminating office	N/A	N/A	▪ Patrick Valroff is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▪ Patrick Valroff is not entitled to any benefits of this nature.
Supplementary pension plan	N/A	N/A	▪ Patrick Valroff is not a member of a supplementary pension plan.

2.6.2.2 Total remuneration and benefits paid during or awarded for 2021 to the members of the Company's Board of Directors (as from 30 June 2021)

Concerning the members of the Board of Directors, the following section notably includes the disclosures required under article L. 22-10-9 of the French Commercial Code.

The total annual remuneration allocated to the members of the Company's Board of Directors was set by the General Meeting of 30 June 2021 at €700,000, and calculated on a proportionate basis at €350,000 for the period from 30 June 2021, the date of the conversion of the Company into a French joint-stock company (*société anonyme*), at 31 December 2021.

In accordance with the rules for allocating directors' remuneration set out in the remuneration policy applicable in 2021, which was strictly identical to the policy applicable to members of the Supervisory Board described above (see also the Amendment to the Company's 2020 Universal Registration Document, published on 26 July 2021 and available on its website), the members of the Board of Directors were allocated the following remuneration for the period during which they held office in 2021, i.e., from 30 June 2021 to 31 December 2021:

	Total gross amount allocated for 2021 and paid in 2022
Virginie Banet	€69,746.38
Valérie Bernis	€38,043.48
Laura Carrere	€31,702.90
Fatima Fikree	€38,043.48
Noëlle Genaivre	€12,681.16
Arnaud Lagardère	€22,318.84
Pascal Jouen	€12,681.16
Véronique Morali	€69,746.38
Joseph Oughourlian	€7,608.70
Arnaud de Puyfontaine	€12,681.16
Nicolas Sarkozy	€27,898.55
Total	**€343,152.17** (1)

(1) Withholding tax is deducted from this amount.

2.7 TRANSACTIONS WITH RELATED PARTIES (MEMBERS OF THE BOARD OF DIRECTORS)

2.7.1 SERVICE AGREEMENT

Lagardère Management provides the Group and its subsidiaries with a range of management resources and skills, with the following aims:

- over the long term, to guarantee that the Group's operating businesses have the best environment required for expansion;
- to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
  - designing and developing economic and financial strategic scenarios; providing project monitoring skills,
  - providing research and follow-up concerning major markets and their development; assessing factors in different market environments that may create new opportunities for action,
  - monitoring and identifying potential investments and divestments,
  - managing business negotiations such as divestments, mergers and acquisitions,
  - orchestrating corporate operations, including state-of-the-art finance and capital management techniques,
  - establishing and maintaining relations in banking and finance, with particular attention to the characteristics of the various countries in which the Group does, or plans to do, business,
  - enhancing human resources by attracting high-potential management personnel,
  - ensuring the overall management of the Group's image.

To meet these aims, Lagardère Management employs the majority of the members of the Group Executive Committee, whose role is to assist General Management in performing its duties.

Lagardère Management carries out its activities within the framework of the Service Agreement, which was originally put in place in 1988. Since 2020, the parties to the Service Agreement have been LC&M and Lagardère Ressources, which is responsible for managing all of the Group's corporate resources.

Following an amendment in 2004, the remuneration paid under the Service Agreement is equal to the amount of expenses incurred in the execution of the Agreement, plus (in accordance with tax rules and customary market practices) a margin set at 10%, with an absolute upper limit of €1 million (an amount which, in practice, has been applied each year since 2004). After examination by the Audit Committee, these terms and conditions were approved by the Supervisory Board on 12 March 2004 and subsequently by the General Meeting of Shareholders on 11 May 2004.

The expenses incurred in the execution of the Service Agreement, which form the basis for the remuneration due under the Agreement, can be split into three main categories, which would in any event have been borne by the Lagardère group.

The first category, representing the majority of expenses (around 89% in 2021), includes remuneration payable to members of the Executive Committee, the associated payroll taxes and duties (tax on wages, levy on performance share awards) and the amount accrued to the provision for the supplementary pension plan.

In accordance with applicable regulations, details of remuneration are provided in the annual report published by the Company. In compliance with the recommendations of the Afep-Medef Code, since 2014 remuneration allocated to executive corporate officers has been submitted to the shareholders' vote and has always gathered high approval rates. Since 2020, shareholders have been asked to vote on the remuneration policy itself, in accordance with binding "say-on-pay" legislation.

The supplementary pension plan is also described in detail in the annual report. Like other components of remuneration, it is subject to a shareholder vote.

The second category (around 8% of the expenses in 2021) corresponds to the work environment of Executive Committee members and includes offices, equipment and furniture, meeting rooms, secretarial services, official vehicles and telecommunications.

As Lagardère Management has no resources of its own, these items are made available by the Lagardère group. The corresponding expenses are thus monitored by the Group Management Control Department, which determines the amount billed to Lagardère Management for use of the above items. For the past dozen or so years, this amount has been stable at €1.9 million, and Lagardère Management therefore bills the exact same amount to the Lagardère group.

The third category (around 3% of the expenses in 2021) includes miscellaneous other expenses incurred in connection with the Agreement. These expenses essentially consist of (i) fees for administrative and accounting services billed by the Lagardère group (following a similar scheme to the one for work environment costs), (ii) fees for consultants used by Lagardère Management, and (iii) taxes and duties inherent to Lagardère Management's activities (property tax, etc.).

Hence, this contractual framework brings together in a clear and transparent manner the expenses corresponding to the total cost of the Group's general management, and subjects them to the statutory monitoring procedure applicable to related-party agreements.

As part of this procedure, the Service Agreement is reviewed annually by the Audit Committee and by the Board of Directors and is also referred to in the Statutory Auditors' special report prepared in accordance with article L. 225-38 of the French Commercial Code.

The work of the Audit Committee on the precise conditions and costs related to the Service Agreement and any changes therein is presented to the Board of Directors as part of the review required under article L. 225-40-1 of the French Commercial Code.

* * *

In 2021, invoicing to the Group in respect of the Service Agreement amounted to €24.74 million, further to review by the Audit Committee on 9 March 2022 and by the Board of Directors at its meeting of 14 March 2022, versus €16.66 million in 2020. Total payroll costs recognised amounted to €21.96 million versus €13.1 million in 2020. These correspond to gross salaries, plus the related taxes, payroll taxes and pension provisions. The amount notably includes the provision accrued for variable and extraordinary remuneration. Payment of this variable remuneration plus, where applicable, its inclusion in the basis for calculating fees, will be submitted to the 2022 General Meeting for approval in accordance with "say-on-pay" legislation. The significant increase in total payroll costs compared to 2020 results from several one-off items, representing 25% of payroll costs:

- the Covid-19 pandemic had a significant impact on 2020 remuneration, with zero variable remuneration linked to financial objectives in 2020 and a waiver by the members of the Executive Committee of part of their fixed remuneration, whereas the variable remuneration awarded for 2021 reached the maximum amounts set as a result of the 2021 performance (see chapter 2.5 above);
- the departure of two members of the Executive Committee gave rise to the payment in 2021 of severance in one case and a retirement indemnity in the other.

In light of the other expenses set out above (environmental costs invoiced by the Lagardère group that remained stable at €1.9 million and other miscellaneous fees in an amount of €0.6 million, also stable versus 2020, total payroll costs amounted to €24.54 million versus €15.66 million in 2020. A provision reversal for €0.8 million following the end of a dispute with a former employee reduces the €24.54 million in total payroll costs to €23.74 million, representing the final basis for invoicing. The contractual margin came out at €1 million, unchanged from 2020.

2.7.2 AGREEMENTS ENTERED INTO WITH MEMBERS OF THE BOARD OF DIRECTORS

None – see section 2.3.2.

2.7.3 OTHER TRANSACTIONS

The other transactions with related parties in 2021 undertaken in the normal course of business took place under arm's length conditions. In particular, Lagardère SA has not identified any agreements, other than those relating to routine business and entered into under arm's length terms that were signed in 2021, either directly or via an intermediary, between (i) the Company's Chief Executive Officer, Deputy Chief Executive Officer, a member of the Board of Directors or a Lagardère SA shareholder owning more than 10% of the Company's voting rights and (ii) any company controlled by Lagardère SA within the meaning of article L. 233-3 of the French Commercial Code.

2.8 SHARE CAPITAL

2.8.1 AMOUNT AND CHANGES IN THE SHARE CAPITAL

2.8.1.1 Amount

At 31 December 2021, the share capital amounted to €860,913,044.60, represented by 141,133,286 shares with a par value of €6.10 each, all ranking *pari passu* and fully paid up.

The General Meetings of the Company's General Partners and shareholders held on 30 June 2021 approved the conversion of the Company into a joint-stock company with a Board of Directors, as well as the allocation to the General Partners (Arnaud Lagardère and Arjil Commanditée-Arco) of a total of 10 million new Company shares (each with a par value of €6.10), allocated in equal proportions, as compensation for the loss of their financial and non-financial rights (hereinafter the "Operation").

This allocation was carried out through an increase in the Company's share capital by a total amount of €61 million by deducting this sum from the "premiums and other reserves" account. The new ordinary shares issued as a result give entitlement to dividends with effect from 1 January 2021, and rank *pari passu* as from their issuance with the ordinary shares existing at that date and like such shares, are subject to all the provisions of the Company's Articles of Association in its new legal form.

2.8.1.2 Changes in the share capital over the last six years

Years	Type of transaction	Number of shares	Nominal amount (in euros)	Premium (in euros)	Total share capital (in euros)	Total number of shares
2017	Award of free shares to employees	250,992	1,531,051.20		801,444,095.80	131,384,278
	Capital reduction by cancelling shares	250,992	1,531,051.20		799,913,044.60	131,133,286
	Award of free shares to employees	172,365	1,051,426.50		800,964,471.10	131,305,651
	Capital reduction by cancelling shares	172,365	1,051,426.50		799,913,044.60	131,133,286
2018	Award of free shares to employees	384,440	2,345,084		802,258,128.60	131,517,726
	Capital reduction by cancelling shares	384,440	2,345,084		799,913,044.60	131,133,286
	Award of free shares to employees	97,800	596,580		800,509,624.60	131,231,086
	Capital reduction by cancelling shares	97,800	596,580		799,913,044.60	131,133,286
2019	Award of free shares to employees	59,000	359,900		800,272,944.60	131,192,286
	Capital reduction by cancelling shares	59,000	359,900		799,913,044.60	131,133,286
	Award of free shares to employees	522,012	3,184,273		803,097,317.80	131,655,298
	Capital reduction by cancelling shares	522,012	3,184,273		799,913,044.60	131,133,286
2020	Award of free shares to employees	289,188	1,764,046.80		801,677,091.40	131,422,474
	Capital reduction by cancelling shares	289,188	1,764,046.80		799,913,044.60	131,133,286
	Award of free shares to employees	157,830	962,763		800,875,807.60	131,291,116
	Capital reduction by cancelling shares	157,830	962,763		799,913,044.60	131,133,286
2021	Award of free shares to employees	133,867	816,589		800,729,633.30	131,267,153
	Capital reduction by cancelling shares	133,867	816,589		799,913,044.60	131,133,286
	Award of free shares to employees	348,050	2,123,105		802,036,149.60	131,481,336
	Capital reduction by cancelling shares	348,050	2,123,105		799,913,044.60	131,133,286
	Capital increase by issuing new shares in connection with the operation	10,000,000	61,000,000		860,913,044.60	141,133,286

As shown in the above table, all changes in the share capital over the last six years have arisen from (i) the vesting of free shares awarded to Group employees and from the resulting share capital reduction by cancelling treasury shares, and (ii) the completion of the Operation (as defined above).

2.8.2 TREASURY SHARES

2.8.2.1 Amount

At 31 December 2021, the Company directly held 1,159,503 of its own shares, each with a par value of €6.10, representing 0.82% of the share capital at that date and a total cost of €23,210,783.18, or €20.02 per share, and a carrying amount of €28,268,683.13, or €24.38 per share (considering the unrealised capital gain amounting to €5,057,899.95 on an average weighted price).

2.8.2.2 Share buyback programmes: shares acquired, sold, cancelled or reallocated

A) TRANSACTIONS CARRIED OUT IN 2021

In 2021, the Company used the authorisations given by the shareholders at the 5 May 2020 and 30 June 2021 Annual General Meetings to carry out the following transactions for the objectives defined in the 2020/2021 and 2021/2022 share buyback programmes:

1. Market liquidity transactions

Under the liquidity agreement entered into with Kepler Cheuvreux on 7 October 2008, which has been renewed yearly since that date, in 2021 the Company:

- purchased 549,398 shares for a total price of €11,639,898.40 representing an average per-share price of €21.19;
- sold 490,592 shares for a total price of €10,240,796.99, representing an average per-share price of €20.87.

Since 16 September 2021 – the start date of the pre-offer period for the Company's shares (AMF notice 221C2405), and pursuant to article 5 of AMF decision 2021-01 of 22 June 2021 (the "AMF Decision"), the execution of the liquidity contract has been suspended.

On 27 September 2021, in accordance with article 4 of the AMF Decision, the Company reduced the amount allocated to the liquidity contract by €7,000,000.

In accordance with applicable regulations, on 10 January 2022, the Company published the half-year liquidity contract statement at 31 December 2021, which can be consulted on its website, at www.lagardere.com.

2. Award of shares to employees

The Company used 8,014 shares for the "award to employees" objective, in order to deliver fully-vested free shares and performance to beneficiaries under the free share plans set up on 6 April 2017, 16 April 2018 and 8 April 2019.

3. Capital reduction

The Company cancelled 481,917 shares within the scope of two capital reductions carried out concomitantly with capital increases through the issuance of new shares, in connection with the final vesting of free shares and performance shares for Group employees and senior executives.

4. Partial reallocation for other uses

The Company reallocated 481,917 shares from the "award to employees" objective to the "capital reduction" objective.

B) POSITION AT 31 DECEMBER 2021

At the end of 2021, the 1,159,503 shares with a nominal value of €6.10 directly held by the Company and representing 0.82% of the share capital were allocated as follows:

- 1,001,860 shares allocated to the "award to employees" objective, representing 0.71% of the share capital, for a total cost of €19,844,680.56.
- 157,643 shares allocated to the "promotion of market liquidity" objective, representing 0.11% of the share capital, for a total cost of €3,366,102.62.

C) TRANSACTIONS CARRIED OUT UNDER THE AUTHORISATION GRANTED BY THE ANNUAL GENERAL MEETING OF 30 JUNE 2021

The Ordinary and Extraordinary General Meeting of 30 June 2021 authorised the Board of Directors, with the power to sub-delegate under the conditions provided for by law, to purchase Lagardère SA shares representing up to 10% of the share capital (i.e., up to 14,113,328 shares), for a maximum amount of €500 million, and at a maximum per-share purchase price of €40, mainly for the following purposes:

- to reduce the share capital by cancelling all or some of the shares purchased;

- to award free shares to employees and officers of the Company and of entities or groups related to it within the meaning of articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to tender shares upon the exercise of share options;
- to set up any company or group savings scheme (or similar plan) under the conditions provided for by law, notably articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*), including by way of awarding the shares free of consideration as part of the employer's contribution and/or in replacement of the discount, in accordance with the applicable laws and regulations;
- to award or transfer shares to employees as part of a profit-sharing scheme;
- to award shares to employees and corporate officers of the Company and of entities or groups related to the Company for any other purpose permitted by the applicable law and regulations;
- to remit shares upon the exercise of rights attached to securities giving access to the Company's share capital in any way whatsoever;
- to promote liquidity in the Company's shares under liquidity agreements that comply with a code of conduct recognised by the AMF and entered into with independent investment services providers;
- to hold the shares for subsequent exchange or payment as consideration for external growth transactions, merger, demerger or asset contribution;
- and more generally, to carry out any transaction in accordance with applicable laws and regulations and, in particular, with market practices accepted by the AMF.

This authorisation – which was given for a period of 18 months as from 30 June 2021 – superseded the authorisation given for the same purpose at the 5 May 2020 Annual General Meeting.

The corresponding share buyback programme was described in a notice issued on 2 July 2021 and available on the Group's corporate website at www.lagardere.com.

Under this authorisation, the Company carried out the following transactions between 1 July 2021 to 28 February 2022:

1. Market liquidity transactions

Under the liquidity agreement referred to above, and until its suspension, the Company purchased 226,445 shares for a total price of €4,840,875.63, i.e., an average per-share price of €21.38, and sold 178,802 shares for a total price of €3,754,337.56 on the market, i.e., an average per-share price of €21.

2. Award of shares to employees

The Company has not awarded any shares to employees.

3. Capital reduction

The Company has not cancelled any shares under this authorisation.

4. Partial reallocations for other uses

The Company has not reallocated any shares under this authorisation.

The Annual General Meeting of 22 April 2022 will be asked to renew this authorisation.

2.8.3 OTHER SECURITIES AND RIGHTS GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

2.8.3.1 Marketable securities

None of the existing securities give or potentially give immediate or future access to the Company's share capital.

2.8.3.2 Share subscription options

At 31 December 2021, there were no subscription options outstanding which, if exercised, would result in the issue of an equivalent number of new shares, the last share subscription plan having expired in December 2007.

2.8.3.3 Free share awards

The shares due to be remitted to employees and senior executives of the Company and of other companies related to the Company between 2022 and 2024 as a result of free share awards made in

2018, 2019 and 2021 will in principle be new shares created through a capital increase by capitalising reserves. The maximum number of shares to be created for that purpose would amount to 1,749,050 shares with a par value of €6.10 each, representing a maximum share capital dilution of 1.24% that will, in principle, be neutralised by cancelling an equivalent number of treasury shares, as has historically been the case.

2.8.4 AUTHORISED, UNISSUED SHARE CAPITAL

The Ordinary and Extraordinary General Meeting of 30 June 2021 renewed all of the financial authorisations previously granted at the Ordinary and Extraordinary General Meeting of 10 May 2019.

In this context, the shareholders authorised the Board of Directors, for a period of 26 months:

- to issue, with or without pre-emptive subscription rights, securities giving immediate or future access to the Company's share capital, within the following limits:
  - maximum nominal amount of capital increases which may result from authorised issues without pre-emptive subscription rights and without priority rights: €80 million,
  - maximum nominal amount of capital increases which may result from authorised issues with pre-emptive subscription rights or with priority rights: €300 million,
  - maximum authorised amount for debt issuances: €1,500 million;
  - to increase the share capital by capitalising reserves, profits or issue premiums and award newly-issued free shares to shareholders (or increase the par value of existing shares) within the limit of €300 million;
  - to issue ordinary shares of the Company and/or securities giving access to the Company's share capital, without pre-emptive subscription rights, to be awarded to Group employees within the scope of corporate savings schemes and within an annual limit of 0.5% of the number of shares making up the share capital.

In 2022-2023 the Board of Directors, having noted employees' high expectations in this regard, will consider the most appropriate ways of developing employee share ownership within the Company.

The same General Meeting also authorised the Company's Board of Directors, for a period of 38 months:

- to award existing or new shares free of consideration and shares with performance conditions to Group employees and senior executives (other than the executive corporate officers of the Company) within an annual limit of 0.8% of the total number of shares making up the share capital;
- to award performance shares free of consideration to the executive corporate officers of the Company within the annual limit, for each executive corporate officer, of 0.025% of the total number of shares making up the share capital.

Shareholders at the General Meeting of 22 April 2022 will be asked to renew these two authorisations in order to increase the annual ceiling on free shares and performance shares that may be granted to employees and senior managers (other than the executive corporate officers of the Company) from 0.8% to 1.6%.

The Ordinary and Extraordinary General Meeting of 30 June 2021 also authorised the Board of Directors to issue, on one or more occasions, securities other than new securities giving access to the Company's capital, up to a maximum amount of €1.5 billion.

In 2021, only the authorisations relating to awards of free shares and performance shares were used.

Summary table of authorisations to increase the share capital granted by shareholders to the Board of Directors at the 30 June 2021 General Meeting

Type of authorisation	Term	Description
Free share awards	**38 months**	
Free shares *(43rd resolution)*		► **0.4% of the share capital per year** ► **Maximum nominal amount: approx. €3.4 million/year**
Performance shares (excluding ECOs[1]) *(42nd resolution)*		► **0.4% of the share capital per year** ► **Maximum nominal amount: approx. €3.4 million/year**
ECO performance shares *(42nd resolution)*		► **0.025%/ year/ECO** ► **Maximum nominal amount: approx. €0.2 million/year/ECO**
Capital increases	**26 months**	**Overall ceiling (maximum nominal amount) of debt securities: €1,500 million**
Capital increases with pre-emptive subscription rights[2] *(32nd resolution)*		**Overall ceiling (maximum nominal amount) of capital increases with priority rights: €300 million** ► Maximum nominal amount: €265 million ► Maximum nominal amount of debt securities: €1,500 million ► Possibility for shareholders to have a pre-emptive right to subscribe for any securities not taken up by other shareholders ► Possibility to limit a capital increase to 75% of the original amount and to offer all or some of the unsubscribed shares on the market
Capital increases without pre-emptive subscription rights[2]:		**Overall ceiling (excluding issues with priority rights): €80 million**
• Public offers with a priority right *(33rd resolution)*		**Overall ceiling (maximum nominal amount) of capital increases with pre-emptive subscription rights: €300 million** ► Maximum nominal amount: €160 million ► Maximum nominal amount of debt securities: €1,500 million ► Priority right for a minimum of five trading days ► Maximum discount of 5%
• Public offers without a priority right *(34th resolution)*		► Maximum nominal amount: €80 million ► Maximum nominal amount of debt securities: €1,500 million ► Maximum discount of 5%
• Private placements governed by article L. 411-2 1° of the French Monetary and Financial Code *(35th resolution)*		► Maximum nominal amount: €80 million ► Maximum nominal amount of debt securities: €1,500 million ► Maximum discount of 5%
• Public exchange offers *(37th resolution)*		► Maximum nominal amount: €80 million ► Maximum nominal amount of debt securities: €1,500 million
• Contributions in kind *(37th resolution)*		► Maximum nominal amount: €80 million ► Maximum nominal amount of debt securities: €1,500 million
Greenshoe option[2] *(36th resolution)*		► Issue of additional securities subject to the ceilings applicable to the original issue and not exceeding 15% of the original issue amount
Capital increases by capitalising reserves, profit and/or share premiums *(39th resolution)*		► **Maximum nominal amount: €300 million** ► Rights to fractions of shares neither transferable nor tradable
Issue of securities for employees who are members of a corporate savings scheme *(40th resolution)*		► **Annual ceiling: 0.5%** ► Maximum discount of 30% ► Possibility of awarding free shares in replacement of the discount and/or the employer's contribution

[1] ECO: Executive corporate officers of Lagardère SA.
[2] Subject to the overall ceilings applicable to capital increases and issues of debt securities (38th resolution adopted by the 30 June 2021 Ordinary and Extraordinary General Meeting).

2.8.5 PLEDGES OF COMPANY SHARES

2.8.5.1 Pledges of registered shares of the Company at 31 December 2021

- Number of shareholders: 61
- Number of shares: 14,580,106 (10.33% of the share capital)

2.8.5.2 Pledges of Company shares registered in the names of shareholders holding more than 0.5% of the share capital at 31 December 2021

- A total of 9,511,965 shares belonging to Lagardère Capital (formerly Lagardère Capital & Management), representing 6.74% of the share capital, are pledged to Crédit Agricole Corporate and Investment Bank under a financial instruments pledge agreement dated 28 September 2007, until reimbursement of the debt for which they serve as guarantee.
- A total of 5,000,000 shares belonging to Arjil Commanditée-Arco, a company controlled by Arnaud Lagardère, representing 3.54% of the share capital, are pledged to Crédit Agricole Corporate and Investment Bank under a financial instruments pledge agreement dated 9 July 2021, until reimbursement of the debt for which they serve as guarantee.

2.8.6 STOCK MARKET INFORMATION

2.8.6.1 General information

- Number of shares making up the share capital at 31 December 2021: 141,133,286
- Number of shares listed on 31 December 2021: 141,133,286
- Listed on: Euronext Paris
- Compartment A
- Ticker symbol: MMB
- ISIN: FR0000130213

2.8.6.2 Dividends (over the last five years) and share prices and trading volumes (over the last four years)

Dividends per share

Year of payment	Number of shares entitled to dividend	Dividend (euros per share)	Tax credit (euros per share)	Gross dividend (euros per share)	Total dividend (in millions of euros)
2016	128,727,324	1.30	None	1.30	167.35
2017	129,438,203	1.30	None	1.30	168.27
2018	129,858,508	1.30	None	1.30	168.82
2019	130,566,820	1.30	None	1.30	169.74
2020(*)	0	0.00	N/A	0.00	0
2021(*)	0	0.00	N/A	0.00	0

(*) In light of the challenges of solidarity and corporate responsibility resulting from the unprecedented crisis linked to the Covid-19 pandemic, the Managing Partners, in agreement with the Supervisory Board, decided not to pay any dividends in 2020 or 2021 in respect of 2019 and 2020.

Any dividend not claimed within five years from the due date lapses and is paid to the French Treasury.

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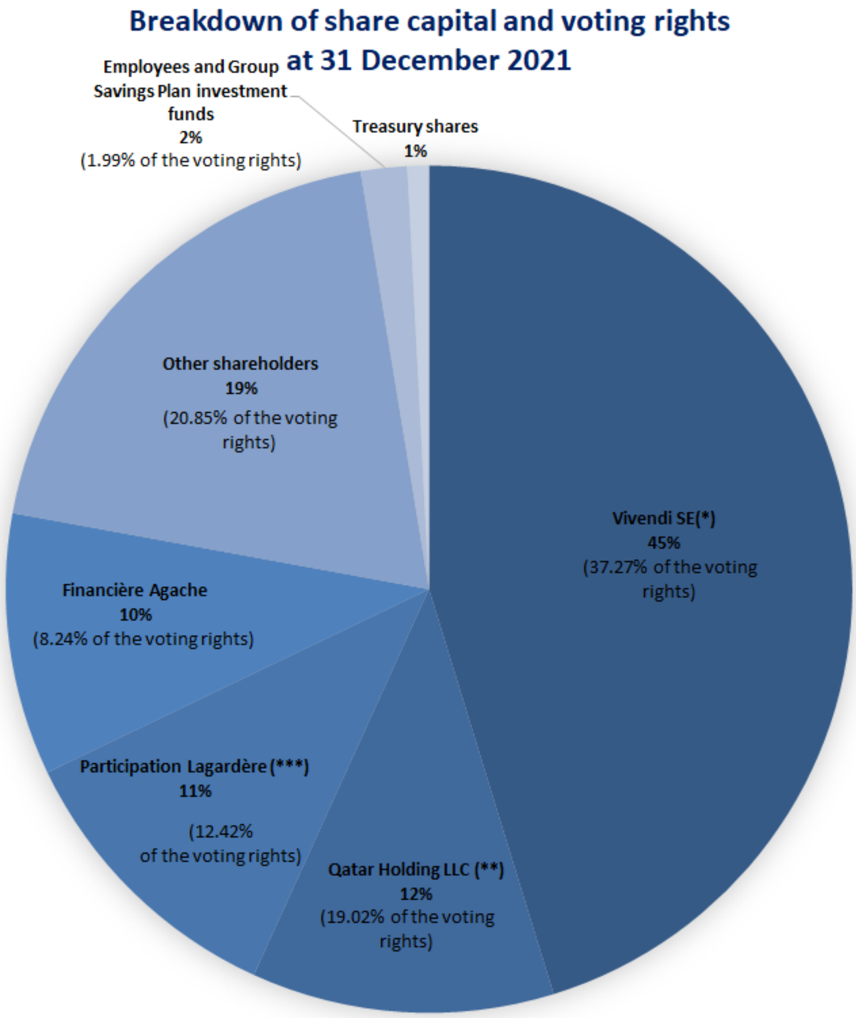
Trading volumes and changes in the Lagardère SA share price (source: Euronext Paris)

	High for month (in euros)	Date of high	Low for month (in euros)	Date of low	Closing price (in euros)	Average opening price (in euros)	Average closing price (in euros)	Number of shares traded	Total amount traded (in millions of euros)	Number of trading days
2018										
January	27.17	8 Jan.	25.10	31 Jan.	25.12	26.06	26.00	8,327,735	216.27	22
February	25.32	1 Feb.	23.46	6 Feb.	24.20	24.52	24.49	7,702,237	188.13	20
March	24.38	8 March	21.99	9 March	23.20	23.33	23.28	13,283,797	306.42	21
April	23.84	26 April	22.76	3 April	23.68	23.32	23.31	10,087,545	235.04	20
May	25.43	3 May	22.17	29 May	23.10	23.16	23.10	23,863,192	552.32	22
June	24.22	12 June	22.61	29 June	22.61	23.44	23.40	13,330,581	312.67	21
July	25.24	30 July	22.35	9 July	24.99	23.48	23.49	9,969,012	235.27	22
August	25.85	28 Aug.	24.34	15 Aug.	25.40	25.08	25.10	6,824,824	170.86	23
September	26.81	20 Sept.	24.67	6 Sept.	26.51	25.78	25.83	6,956,966	180.03	20
October	26.79	1 Oct.	23.60	29 Oct.	24.19	25.37	25.21	9,139,992	230.89	23
November	26.33	8 Nov.	24.04	1 Nov.	24.98	25.00	25.01	7,026,313	175.97	22
December	25.38	3 Dec.	20.99	20 Dec.	22.02	22.75	22.63	6,953,260	157.30	19
2019										
January	23.74	28 Jan.	21.36	7 Jan.	22.83	22.53	22.60	7,068,807	159.31	22
February	23.51	1 Feb.	22.01	12 Feb.	22.75	22.69	22.65	5,138,861	116.30	20
March	24.93	15 March	22.35	26 March	22.92	23.15	23.15	6,844,119	159.84	21
April	25.26	23 April	22.96	1 April	24.26	24.03	24.04	5,164,539	124.53	20
May	24.66	7 May	21.34	23 May	21.80	22.69	22.61	7,477,238	167.88	22
June	23.70	13 June	21.76	3 June	22.90	22.93	22.96	6,006,637	137.78	20
July	23.16	4 July	20.48	31 July	20.50	22.29	22.22	5,551,338	122.78	23
August	20.56	1 Aug.	18.59	15 Aug.	19.37	19.48	19.43	7,016,800	136.63	22
September	21.56	20 Sept.	18.85	3 Sept.	20.30	20.27	20.31	8,804,948	180.09	21
October	20.66	29 Oct.	19.15	8 Oct.	20.02	20.11	20.09	7,357,319	147.44	23
November	21.06	12 Nov.	18.93	6 Nov.	19.83	20.29	20.24	6,156,268	124.17	21
December	20.26	13 Dec.	18.80	20 Dec.	19.43	19.61	19.54	6,940,069	135.06	20
2020										
January	19.76	2 Jan.	17.15	31 Jan.	17.15	18.87	18.71	7,886,283	146.93	22
February	18.70	12 Feb.	15.45	28 Feb.	15.66	18.04	18.00	11,909,045	210.55	20
March	16.12	2 March	8.14	17 March	11.50	11.50	11.26	21,897,214	246.08	22
April	18.20	20 April	11.20	1 April	14.80	14.65	14.85	12,278,459	184.92	20
May	15.73	26 May	10.91	22 May	12.62	13.32	13.16	9,749,560	128.73	20
June	14.48	8 June	11.60	15 June	12.67	12.85	12.83	10,827,157	139.64	22
July	14.70	23 July	11.61	31 July	12.85	13.66	13.69	11,606,984	155.09	23
August	16.74	31 Aug.	12.51	3 Aug.	16.62	14.84	15.04	6,010,770	89.42	21
September	21.46	30 Sept.	14.35	22 Sept.	21.12	17.36	17.60	11,271,281	203.67	22
October	28.48	8 Oct.	18.45	29 Oct.	18.77	23.16	23.20	8,692,122	204.41	22
November	22.40	26 Nov.	18.14	2 Nov.	19.67	19.92	19.90	4,784,290	94.59	21
December	21.36	29 Dec.	19.00	1 Dec.	20.48	20.24	20.32	2,788,041	56.52	22
2021										
January	20.94	4 Jan.	18.70	11 Jan.	19.20	19.49	19.40	2,838,832	55.16	20
February	23.98	23 Feb.	19.20	1 Feb.	22.28	21.60	21.77	2,608,524	57.04	20
March	24.28	10 March	21.58	25 March	22.42	22.93	22.98	2,134,195	49.16	23
April	24.62	26 April	22.02	30 April	22.38	22.74	22.74	2,108,882	48.40	20
May	22.62	3 May	19.20	13 May	20.92	20.31	20.24	3,235,404	65.81	21
June	21.58	8 June	19.92	16 June	20.84	20.96	20.96	1,922,604	39.99	22
July	23.68	30 July	20.10	19 July	23.54	21.30	21.37	2,442,230	53.33	22
August	23.96	2 Aug.	21.00	20 Aug.	23.40	23.01	23.07	1,326,679	30.65	22
September	23.90	16 Sept.	18.60	15 Sept.	22.84	22.16	21.97	8,500,819	18.91	22
October	23.08	4 Oct.	22.52	11 Oct.	22.84	22.67	22.70	1,763,166	40.06	21
November	23.50	25 Nov.	22.66	26 Nov.	22.86	22.96	23.01	1,886,300	43.44	22
December	24.50	29 Dec.	22.80	3 Dec.	24.38	23.91	23.99	3,059,152	73.35	23
2022										
January	24.56	05 Jan.	24.00	21 Jan.	24.14	24.28	24.25	1,341,912	32.49	21
February	25.00	22 Feb.	24.06	10 Feb.	25.38	24.51	24.59	3,390,020	83.92	20

2.8.7 OPTIONS GRANTED TO THIRD PARTIES ON SHARES MAKING UP THE SHARE CAPITAL OF CERTAIN GROUP COMPANIES

Certain investments included in Lagardère SA's consolidated financial statements are subject to put options whose exercise is conditional. These commitments are detailed in the notes to the consolidated financial statements set out in chapter 5 of the 2021 Universal Registration Document. At the date of this Universal Registration Document, there were no other put options concerning all or part of any significant investment held directly or indirectly by Lagardère SA.

2.8.8 SHARE OWNERSHIP STRUCTURE – PRINCIPAL SHAREHOLDERS



(*) Based on the shareholding information provided in the latest legal threshold crossing declaration dated 21 December 2021.
The voting rights attached to the 25,305,448 shares acquired from Amber Capital are not exercisable until the approval by the competition authorities of the acquisition of Lagardère SA. Accordingly, Vivendi's effective stake amounts to 22.46 % of the exercisable voting rights and 22.31 % of the theoretical voting rights.
(**) Based on the shareholding information provided in the threshold declaration (pursuant to the Articles of Association) received by the Company on 3 November 2021.
(***) Based on the shareholding information provided in the latest legal threshold crossing declaration dated 14 October 2021. The shareholding

2.8.8.1 Changes in share ownership structure and voting rights over the last three years

	At 31 December 2021				At 31 December 2020				At 31 December 2019			
Shareholders	Number of shares	% share capital	% of theoretical voting rights at General Meetings	% of theoretical voting rights	Number of shares	% of share capital	% of theoretical voting rights at General Meetings	% of theoretical voting rights	Number of shares	% of share capital	% of theoretical voting rights at General Meetings	% of theoretical voting rights
Vivendi SE(*)	63,693,239	45.13	37.27	37.02	38,296,855	29.20	22.62	22.41	-	-	-	-
Amber Capital UK LLP(**)	353,459	0.25	0.21	0.21	25,499,001	19.45	15.06	14.92	10,356,855	7.90	6.00	5.92
Amber Capital Italia SGR SpA	0	0	0	0	546,634	0.42	0.32	0.32	469,199	0.36	0.27	0.27
Sub-total – Amber Capital acting in concert	353,459	0.25	0.21	0.21	26,045,635	19.86	15.39	15.24	10,826,054	8.26	6.27	6.18
Qatar Holding LLC(***)	16,254,216	11.52	19.02	18.90	17,091,585	13.03	20.19	20.00	17,091,585	13.03	19.79	19.53
Lagardère shareholding(****)	15,611,486	11.06	12.42	12.34	9,521,625	7.26	11.25	11.14	9,521,625	7.26	11.03	10.88
Financière Agache	14,073,643	9.97	8.24	8.18	10,163,504	7.75	6.00	6	-	-	-	-
Agache	0	0	0	0	0	0	0	0	-	-	-	-
Sub-total – Lagardère/Groupe Arnault acting in concert	N/A	N/A	N/A	N/A	19,685,129	15.01	17.25	17.09	N/A	N/A	N/A	N/A
Other shareholders	27,508,310	19.49	20.85	20.69	25,786,369	19.66	22.16	22.29	88,383,756	67.40	60.25	59.45
Employees and Group Savings Plan investment funds	2,479,430	1.76	1.99	1.98	2,637,085	2.01	2.69	2.34	2,967,170	2.26	2.66	2.63
Treasury shares	1,159,503	0.82	-	0.68	1,590,628	1.21	-	0.93	2,343,096	1.79	-	1.34
Total(*****)	**141,133,286**	**100**	**100**	**100**	**131,133,286**	**100**	**100**	**100**	**131,133,286**	**100**	**100**	**100**

(*) Based on the shareholding information provided in the latest legal threshold crossing declaration dated 21 December 2021.
The voting rights attached to the 25,305,448 shares acquired from Amber Capital are not exercisable until the approval by the competition authorities of the acquisition of Lagardère SA. Accordingly, Vivendi's effective stake amounts to 22.46 % of the exercisable voting rights and 22.31 % of the theoretical voting rights.

(**) Based on the shareholding information provided in the threshold declaration received by the Company on 20 December 2021.

(***) Based on the shareholding information provided in the threshold declaration (pursuant to the Articles of Association) received by the Company on 3 November 2021. In accordance with the Company's Articles of Association, shares held by Qatar Holding LLC carry double voting rights.

(****) Based on the shareholding information provided in the latest legal threshold crossing declaration dated 14 October 2021. The shareholding information covers Arnaud Lagardère, Lagardère Capital, Lagardère SAS, LM holding and Arjil Commanditée-Arco.

(*****) The total ownership interest of each shareholder or category of shareholders is presented in the table above, rounded to the nearest hundredth.

Of the 1.76% of capital held by Group employees at 31 December 2021, 0.38% is held via the Group Savings Plan investment funds or directly under employee profit-sharing and savings schemes pursuant to article L. 225-102 of the French Commercial Code.

At 31 December 2021, the share capital was held by 45,279 shareholders and intermediaries directly registered in the Company's register.

Changes in the Company's shareholding structure over the past three years and up to the date of the 2021 Universal Registration Document are presented above. These changes take into account (i) the allocation of ordinary shares to the General Partners in connection with the Company conversion into a French joint-stock company, and (ii) Vivendi SE's acquisition of 25,305,448 shares held by Amber Capital UK LLP, which occurred in 2021. In accordance with the rules applicable to the control of mergers, Vivendi will not exercise the voting rights attached to the shares acquired from Amber Capital or in connection with the public tender offer. It will therefore have 22.29% of the Company's theoretical voting rights until the competition authorities authorise the acquisition.

2.8.8.2 Regulatory shareholding threshold crossings

Date of AMF	Shareholder	Threshold crossed
9 March 2021	Amber Capital UK LLP	Above 15% of voting rights on 5 March 2021
8 July 2021	Amber Capital UK LLP/Amber Capital Italia SGR SpA acting in concert	Below 15% of voting rights on 5 July 2021
8 July 2021	Arnaud Lagardère, Lagardère SAS, LM Holding, Lagardère Capital and Arjil Commanditée-Arco/Agache and Financière Agache acting in concert	Above 20% of the share capital and voting rights on 30 June 2021
14 October 2021	Arnaud Lagardère, Lagardère SAS, LM Holding, Lagardère Capital and Arjil Commanditée-Arco/Agache and Financière Agache acting in concert	Below 20%, 15%, 10% and 5% of share capital and voting rights on 13 October 2021
14 October 2021	Arnaud Lagardère, Lagardère SAS, LM Holding, Lagardère Capital and Arjil Commanditée-Arco acting in concert	Below 15% of voting rights on 13 October 2021
14 October 2021	Lagardère Capital	Below 10% of voting rights on 13 October 2021
20 December 2021	Amber Capital UK LLP	Below 15%, 10% and 5% of share capital and voting rights on 16 December 2021
21 December 2021	Vivendi SE	Above 25% of voting rights, 30% and 1/3 of share capital and voting rights(*) on 16 December 2021

(*) Vivendi SE, as indicated in its press release of 9 December 2021, will not exercise the 25,305,448 voting rights attached to the 25,305,448 shares acquired from Amber Capital until the competition authorities have authorised the acquisition of Lagardère SA.

2.8.8.3 Actions in concert with other groups

The following actions in concert have been disclosed to the Company:

- Action in concert by (i) Arnaud Lagardère and the four companies he controls: Lagardère SAS, LM Holding, Arjil Commanditée-Arco[1] and Lagardère Capital (formerly Lagardère Capital & Management).

  The concert formed by Arnaud Lagardère and his four companies mentioned above with the companies Agache and Financière Agache ended on 13 October 2021 when Financière Agache exercised its option to exit Lagardère Capital, in accordance with the stipulations of the partners' agreement they had entered into on 24 September 2020 (see AMF notification 221C2720 dated 14 October 2020).

- Action in concert by Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of funds that they manage.

2.8.8.4 Voting rights

Including the double voting rights attributed to shares registered in the name of the same shareholder for at least four years (see article 17 of the Articles of Association) the total number of rights to vote at General Meetings at 31 December 2021 was 170,883,979.

However, in application of AMF regulations, the number of voting rights to be taken into consideration for assessing whether regulatory thresholds have been crossed is the gross number, which at 31 December 2021 amounted to 172,043,496.

Under the Articles of Association, the number of voting rights to be taken into consideration for assessing whether disclosure thresholds have been crossed is the total number of exercisable rights to vote at General Meetings, i.e., 170,883,979 at 31 December 2021.

The total number of voting rights (gross and net) is published every month at the same time as the amount of the share capital, in accordance with article L.233-8 II of the French Commercial Code and article 223-16 of the AMF's General Regulations.

2.8.8.5 Principal shareholders

Arnaud Lagardère, personally and via the companies he controls: Lagardère SAS, LM Holding, Lagardère Capital (formerly Lagardère Capital & Management) and Arjil Commanditée-Arco (which itself received five million new shares in connection with the Operation as its compensation as a General

[1] French joint-stock company (*société anonyme*) located at 4 rue de Presbourg, 75116 Paris, 99.92% owned by Lagardère Capital, which is wholly owned by Arnaud Lagardère (directly and indirectly, through the companies Lagardère SAS and LM Holding).

Partner) held, at end 2021, 11.06% of the Company's share capital and 12.42% of the voting rights at General Meetings at 30 June 2021. In accordance with the Company's Articles of Association (see section 2.9.1), a portion of the shares held by Arnaud Lagardère and by his companies, Lagardère Capital and Lagardère SAS, carry double voting rights.

To the best of the Company's knowledge, at 31 December 2021, Vivendi SE held 45.13% of Lagardère's share capital and 37.27% of the voting rights at General Meetings, it being specified that the rights attached to the 25,305,448 shares that Vivendi SE acquired from Amber Capital on 16 December 2021[1], representing 17.93% of the share capital and 14.81% of the voting rights, will not be exercised until the antitrust authorities authorise the Company's takeover. Consequently, Vivendi SE's exercisable voting rights at 31 December 2021 corresponded to 22.46%.

To the Company's knowledge, at 31 December 2021, Qatar Investment Authority (via its subsidiary Qatar Holding LLC) held 11.52% of the share capital and 19.02% of the voting rights at General Meetings. In accordance with the Company's Articles of Association, shares held by Qatar Holding LLC carry double voting rights.

To the Company's knowledge, at 31 December 2021 no other shareholder held more than 5% of the share capital or voting rights directly or indirectly, alone or in concert.

2.8.8.6 Shareholder agreements

1. The shareholder agreement entered into on 24 September 2020 between Arnaud Lagardère, Pierre Leroy, Lagardère SAS, LM Holding, Lagardère Capital, Financière Agache and Agache (formerly Groupe Arnault) and amended on 26 April 2021 – which related to Lagardère Capital and included stipulations concerning Lagardère SA shares – was terminated on 13 October 2021 and a notice thereof was subsequently published on the AMF website (notice 221C2720) in accordance with article L. 233-11 of the French Commercial Code.

2. The shareholder agreement relating to the shares of the Company entered into on 10 August 2020 between Amber Capital UK LLP and Amber Capital Italia SpA, acting on behalf of funds they manage, on the one hand and Vivendi SE, on the other hand, expired on 16 December 2021 and a notice thereof was subsequently published on the AMF website (notice 221C3549) in accordance with article L. 233-11 of the French Commercial Code.

2.8.8.7 Group to which the Company belongs

Lagardère SA is the ultimate holding company of the Lagardère group. See the simplified Group organisation chart at 31 December 2021 in section 1.3 of the Universal Registration Document.

[1] Of which 620,340 shares had already been acquired by Vivendi SE in September 2021.

2.8.9 FREE SHARE AWARDS BY LAGARDÈRE SCA OR BY ITS RELATED ENTITIES

SPECIAL REPORT OF THE BOARD OF DIRECTORS ON FREE SHARE AWARDS

Pursuant to the provisions of article L. 225-197-4 of the French Commercial Code, please find below the required information related to transactions in free share awards carried out in 2021.

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The policy on free share awards is intended to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value.

The policy enables the Group to single out and foster loyalty among those who have particularly contributed to its performance and whom the Group wishes to retain on a lasting basis in order to future-proof its growth as part of its long-term corporate strategy.

For Lagardère SA's executive corporate officers and the Group's other senior executives, free share awards – which are all subject to exacting performance conditions – are also an important way of incentivising and encouraging a long-term vision.

In accordance with best corporate governance practices, the Lagardère SA free share plans are not just restricted to executive corporate officers and senior executives. They also cover over 450 Group employees each year, notably young high-potential managers identified during the talent management process.

For some beneficiaries, there are no performance conditions attached to the vesting of their shares, although they must have formed part of the Group for at least three years at the vesting date. Free share awards are an important tool in the Group's human resources strategy, enabling it to recruit, incentivise and retain key talent. It is vital for the Group to retain their high-level expertise in diverse, and often highly competitive, fields, even though, due to the nature of their underlying jobs, not all beneficiaries may have a direct impact on the Group's financial performance.

In addition, as free share awards offer fiscal conditions that are more advantageous than cash-based remuneration, they are an effective way of containing payroll costs.

These plans thereby promote the close alignment of the beneficiaries' interests with those of the Company and of its shareholders.

GENERAL INFORMATION

Free shares awarded by the Company which vested in 2021

In the course of 2021, 489,931 free shares vested, of which 481,917 were issued through a capital increase carried out by capitalising reserves, with a share capital reduction carried out concomitantly by cancelling 481,917 treasury shares purchased under the Company's share buyback programme. The remaining 8,014 shares were taken from treasury shares allocated for "award to employees".

- 141,531 free shares and performance shares were delivered to beneficiaries under the 6 April 2017 plan, of which 1,000 were delivered to the heirs of a deceased beneficiary;
- 345,650 free shares were delivered to beneficiaries under the 16 April 2018 plan, of which 2,500 were delivered to the heirs of two deceased beneficiaries;
- 2,750 free shares were delivered to the heirs of two beneficiaries of the 8 April 2019 plan.

Awards of free shares by the Company in 2021

On 24 September 2021, the Board of Directors used the shareholder authorisation given in the forty-second and forty-third resolutions of the 30 June 2021 Annual General Meeting to award 783,000 rights to free shares (representing 0.555% of the total number of shares making up the Company's capital) to 445 beneficiaries, comprising employees and executive corporate officers of the Company and entities related to it, breaking down as follows:

- 374,600 rights to free shares (representing 0.265% of the total number of shares making up the Company's capital) to 406 beneficiaries;
- 408,400 rights to free shares (representing 0.289% of the total number of shares

making up the Company's capital) to 39 beneficiaries.

Three-year presence condition

The free shares awarded under this plan will only vest for each of the 445 beneficiaries if, as at midnight on 24 September 2024, he or she has not resigned or been dismissed for serious or gross misconduct. In addition, for the Deputy Chief Executive Officer, as specified in his 2021 remuneration policy, if he retires or is removed from office for any reason other than for misconduct before the end of said three-year period, only a proportional number of his performance shares will vest.

Vesting period:

The shares have a three-year vesting period, expiring on 25 September 2024.

Performance conditions

In addition to the presence condition, the 408,400 performance share rights are subject to four performance conditions. Three of these are financial criteria, representing a total weighting of 70%, and one is a non-financial criterion, representing a total weighting of 30%. These criteria – which will be assessed over the period from 2021 to 2023 (the "Reference Period") are as follows:

► ***ROCE (Return on Capital Employed) objective***

25% of the performance shares granted are contingent on the Lagardère group achieving, in the last year of the Reference Period, a return on capital employed (ROCE) between a trigger level and a target level (with the target level corresponding to the level that must be reached in order to receive 100% of the shares contingent on this objective). ROCE is a relevant performance indicator reflecting the profitability of the Company's operating assets and its ability to create value.

If the ROCE for the last year of the Reference Period is below the trigger level, none of the shares contingent on this objective will vest.

If the ROCE for the last year of the Reference Period is between the trigger level and the target level, the number of shares that vest will be calculated proportionally on a straight-line basis and will represent between 0% and 100% of the shares contingent on this objective.

► ***Free cash flow objective***

25% of the performance shares awarded will vest only if, during the Reference Period, the Lagardère group generates cumulative free cash flow ranging between a trigger level and a target level (with the target level corresponding to the level that must be reached in order to receive 100% of the shares contingent on this objective). This criterion, which reflects the Group's capacity to finance its investments and pay dividends, is also a key indicator of the Group's financial health.

None of the shares will vest if cumulative free cash flow during the Reference Period is below the trigger level.

If cumulative free cash flow generated during the Reference Period is between the trigger level and the target level, shares will vest proportionally on a straight-line basis (from 0% to 100% of the shares contingent on this objective).

► ***Total Shareholder Return (TSR) objective***

Vesting for 20% of the shares awarded is subject to Lagardère SA's Total Shareholder Return (TSR) over the Reference Period relative to (i) the TSR of a panel of eight competitor companies (Relx, Pearson, Mondadori, Bloomsbury, Dufry, Valora, WH Smith, Autogrill), for 10% of the shares awarded, and (ii) the TSR of the other companies in the CAC Mid 60 index, also for 10% of the shares awarded. TSR incorporates both changes in share price and dividends paid, and therefore reflects the value delivered to shareholders as compared with the value created by other investments available to them. Consequently, TSR is also a key performance indicator for the Group.

As this is a relative criterion, the target rates for each portion of shares awarded will only be known and communicated at the end of the Reference Period.

For each of the abovementioned 10% portions:

- 50% of the shares awarded vest if Lagardère SA's average annual TSR during the Reference Period is at least equal to the average annual TSR of the reference panel;
- 100% of the shares awarded will vest if Lagardère SA's average annual TSR during the Reference Period is at least 2% above

- the average annual TSR of the reference panel;
- between 50% and 100% of the shares awarded will vest on a straight-line basis if Lagardère SA's average annual TSR during the Reference Period is between the average annual TSR of the reference panel and 2% above the reference panel's average annual TSR;
- 0% of the shares awarded will vest if Lagardère SA's average annual TSR during the Reference Period is below the average annual TSR of the reference panel.

► ***Non-financial performance objective***

30% of the shares awarded are contingent on the achievement of precise objectives based on three quantitative criteria related to the Group's priority commitments under its Corporate Social Responsibility policy, each weighted equally (i.e., 10% for each criterion). These three objectives are as follows:

- for 10% of the shares awarded: for the proportion of Lagardère Publishing's certified and/or recycled paper purchased directly and/or supplied by printers (in relation to the total weight of paper purchased or supplied) to represent a percentage between a trigger level of 95% and a target level of 98% in 2023;
- for 10% of the shares awarded: for the proportion of Lagardère Travel Retail's revenue generated by catering activities (proprietary concepts) that have switched to environmentally-friendly consumables and outlawed the use of single-use plastics (as a proportion of total revenue generated by catering activities (proprietary concepts) to represent a percentage between a trigger level of 95% and a target level of 100% in 2023;
- for 10% of the shares awarded: for the proportion of women among the Group's top executives to represent a percentage between a trigger level of 42% and a target level of 44% at end-2023.

For each of the 10% portions:

- 100% of the shares contingent on the objective concerned will vest if the target level is achieved;
- 0% of the shares contingent on the objective concerned will vest if the trigger level is not achieved;
- between 0% and 100% of the shares for this objective will vest on a straight-line basis if the achievement is between the trigger level and the target level.

A summary of the performance conditions is provided in section 2.5.2 of this Universal Registration Document remuneration section).

Free share plans granted by the Company and in effect in 2021

The main characteristics of all the free share plans which expired in 2021 or were in effect at 31 December 2021 are summarised in the table below.

Date of the plan	Total number of shares awarded	Total number of awarded shares cancelled	Total number of awarded shares vested	Total number of outstanding awarded unvested shares
6 April 2017	817,660	381,941	435,719	-
16 April 2018	812,460	280,220	350,650	181,590
8 April 2019	474,990	15,650	2,750	456,590
14 May 2019	232,370	4,000	-	228,370
10 October 2019	100,000	500	-	99,500
24 September 2021	783,000	-	-	783,000
Total	**3,220,480**	**682,311**	**789,119**	**1,749,050**

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Awards of free shares by entities or groups related to the Company

In the course of 2021, no other free shares were awarded by entities or groups related to Lagardère SA within the meaning of article L. 225-197-2 of the French Commercial Code, or by entities controlled by Lagardère SA within the meaning of article L. 233-16 of said Code.

SPECIFIC INFORMATION ON THE EXECUTIVE CORPORATE OFFICERS AND EMPLOYEES OF LAGARDÈRE SA

1. In 2021, Pierre Leroy, an employee of Lagardère Management and Deputy Chief Executive Officer of Lagardère SA, was awarded 34,000 rights to performance shares under the 24 September 2021 plan described above (representing 0.024% of the total number of shares making up the Company's capital and a total value of €627,640 calculated in accordance with IFRS).

   In accordance with the recommendations of the Afep-Medef Code and the Company's Appointments, Remuneration and CSR Committee, this grant complies with the framework set by Lagardère SA's Board of Directors which, at its meeting on 24 September 2021, confirmed the terms and conditions governing the caps and lock-up conditions applicable to free shares awarded to the Deputy Chief Executive Officer and validated a new free share plan system.

2. In 2021, Lagardère SA's executive corporate officers were not awarded any free shares by the entities and groups related to Lagardère SA within the meaning of article L. 225-197-2 of the French Commercial Code, or the companies that it controls within the meaning of article L. 233-16 of said Code.

3. In 2021, three of Lagardère SA's employees were awarded a total of 8,400 rights to performance shares (representing 0.006% of the total number of shares comprising the share capital and a carrying amount of €155,064 under IFRS), i.e., an average of 2,800 rights to shares awarded per person (representing a carrying amount of €51,688 under IFRS).

4. In 2021, Lagardère SA's employees were not awarded any free shares by the companies and groups related to Lagardère SA within the meaning of article L. 225-197-2 of the French Commercial Code, or by companies that it controls within the meaning of article L. 233-16 of said Code.

2.9 ITEMS THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

Pursuant to article L.22-10-11 of the French Commercial Code, the items that could have an impact in the event of a public offer are set out below.

2.9.1 CAPITAL STRUCTURE AND DIRECT AND INDIRECT SHAREHOLDINGS IN LAGARDÈRE SA

In accordance with the disclosure requirements in articles L. 233-7 (disclosure thresholds) and L. 233-12 of the French Commercial Code, information of which the Company is aware relating to Lagardère SA's capital structure and direct and indirect shareholdings in the Company is provided in section 2.8 below.

2.9.2 RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS SET IN THE COMPANY'S ARTICLES OF ASSOCIATION AND SPECIFIC TERMS RELATED TO SHARE TRANSFERS PROVIDED FOR IN THE ARTICLES OF ASSOCIATION OR AGREEMENTS BROUGHT TO THE COMPANY'S ATTENTION

Lagardère SA's Articles of Association provide for:

- the allocation of double voting rights after four years of uninterrupted ownership (see article 17 of the Company's Articles of Association);
- a disclosure requirement when a shareholder increases or decreases its voting rights by 1%. If this disclosure requirement is not respected, the shares in excess of the relevant disclosure threshold will be stripped of voting rights. If the omission is remedied, the voting rights concerned will only be exercisable in General Meetings held after the expiry of a two-year period following the remedy date (see article 17 of the Articles of Association).
- the minimum shareholding of Board members at 150 shares, with the exception of the members representing employees (see article 11 of the Company's Articles of Association and article 4.4 of the Board of Directors' Rules of Procedure).

There are no other restrictions on, or specific conditions related to, share transfers provided for in the Articles of Association, nor have any agreements been brought to the Company's attention in accordance with article L. 233-11 of the French Commercial Code, except for those described in section 2.3.4 of this chapter.

2.9.3 HOLDERS OF SECURITIES WITH SPECIAL CONTROL RIGHTS OVER LAGARDÈRE SA

There are no holders of securities with special control rights.

2.9.4 CONTROL MECHANISMS UNDER A POTENTIAL EMPLOYEE SHARE OWNERSHIP SCHEME

In accordance with the internal rules of the company investment fund, FCPE Lagardère Actionnariat, the voting rights attached to the shares held by the employees or former employees of the Group are exercised by a representative appointed by the Supervisory Board of the said fund in order to represent them at the General Meeting.

In accordance with the tasks assigned to it pursuant to article L. 214-164 of the French Monetary and Financial Code, the Supervisory Board decides on the contribution of shares.

On 31 December 2021, FCPE Lagardère Actionnariat held 530,373 shares representing 0.38% of the share capital and 0.62% of the rights to vote at General Meetings.

2.9.5 SHAREHOLDER AGREEMENTS THAT LAGARDÈRE SA IS AWARE OF AND WHICH MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SHARES AND THE EXERCISE OF VOTING RIGHTS

There are no shareholder agreements of which the Company is aware that could result in restrictions on the transfer of shares and the exercise of the Company's voting rights.

2.9.6 RULES APPLICABLE TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE BOARD OF DIRECTORS, AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The rules for appointing and replacing members of the Board of Directors are described in article 12 of the Articles of Association (see Appendix A1 of this document) and in the Board of Directors' Rules of Procedure (see Appendix A2 of this document).

The rules related to amending the Articles of Association are described in article 19 thereof.

2.9.7 POWERS OF THE BOARD OF DIRECTORS IN THE EVENT OF A PUBLIC OFFER

In accordance with article 231-40 of the AMF's General Regulations, the share buyback authorisation may not be used during a public offer for the Company's shares (see the fifteenth resolution subject to the approval of the General Meeting of 22 April 2022).

Furthermore, the Board of Directors may not decide to issue shares or other securities, with or without pre-emptive subscription rights, during the entire period of any public offer for Lagardère SA shares (see the authorisations granted at the 30 June 2021 Annual General Meeting in resolutions 31 to 35, 37 and 39).

2.9.8 MAIN AGREEMENTS ENTERED INTO BY LAGARDÈRE SA THAT WOULD BE AMENDED OR TERMINATED IN THE EVENT OF A CHANGE OF CONTROL OF LAGARDÈRE SA

To the best of the Company's knowledge and at the date of this Universal Registration Document, most of the financing agreements described in section § 1.8.2 of this Universal Registration Document, to which the Company is a party, provide for early repayment clauses in the event of a change of control.

2.9.9 AGREEMENTS PROVIDING FOR THE PAYMENT OF INDEMNITIES TO EXECUTIVE CORPORATE OFFICERS OR EMPLOYEES IF THEY RESIGN OR ARE UNFAIRLY DISMISSED OR IF THEIR EMPLOYMENT IS TERMINATED DUE TO A PUBLIC OFFER

To the best of the Company's knowledge, there is no specific agreement providing for the payment of indemnities to the Company's Chairman and Chief Executive Officer, Deputy Chief Executive Officer or six employees if they resign or if their employment is terminated due to a public offer.

2.10 APPENDICES

I – THE COMPANY

2.10.1 ARTICLES OF ASSOCIATION OF LAGARDÈRE SA

ARTICLE 1 – Legal form

Lagardère (hereinafter the "**Company**") was incorporated on 24 September 1980 as a French joint-stock company (société anonyme) and subsequently converted into a partnership limited by shares (société en commandite par actions) on 30 December 1992 by decision of the Ordinary and Extraordinary General Meeting of Shareholders of 30 December 1992.

By decision of the Ordinary and Extraordinary General Meeting of 30 June 2021, and with the prior agreement of the General Partners, the Company was converted into a joint-stock company (société anonyme) with a Board of Directors.

The Company is governed by these Articles of Association and by the laws, decrees and regulations applicable to French joint-stock companies.

ARTICLE 2 – Company name

The name of the Company is "Lagardère SA".

ARTICLE 3 – Corporate purpose

The Company's corporate purpose is, in France or abroad:

1.) to acquire any form of interests or investments in all types of company or business, whether French or foreign, by any appropriate means;

2.) to manage any type of transferable security portfolio and to carry out any related spot or forward transactions, whether contingent or not;

3.) to acquire and license any patents, trademarks, and commercial and industrial businesses;

4.) and more generally, to carry out any commercial, financial, industrial, security and property transactions related to the above purposes or to any other purpose related thereto which would be likely to promote and develop the Company's business.

ARTICLE 4 – Registered office

The head office is located at 4 Rue de Presbourg, 75116 Paris, France.

It may be transferred to any other place, pursuant to the applicable laws and regulations.

ARTICLE 5 – Term of the Company

The term of the Company is set at 99 years commencing on 16 December 1980, the date of its registration with the Trade and Companies Registry.

II - SHARE CAPITAL

ARTICLE 6 – Share capital

The share capital is set at €860,913,044.60, represented by 141,133,286 shares with a par value of €6.10, all ranking *pari passu* and fully paid up.

ARTICLE 7 – Changes in the share capital

The share capital may be increased or reduced by any method or means authorised by the regulations.

The General Meeting may, in accordance with the law and regulations, delegate all necessary authority and/or powers to the Board of Directors to decide to increase the share capital, issue any securities giving rights to shares, or reduce the share capital, set the amount and the terms and conditions thereof and take any action required to ensure that the operation is properly completed, or to perform all such operations directly.

ARTICLE 8 – Form and transfer of shares

The shares are registered shares.

They are registered in a shareholder account under the terms and conditions provided by the applicable laws and regulations.

The shares are freely transferable and negotiable, under the terms and conditions provided by the applicable laws and regulations. The ownership of shares results from their registration in the share register under the conditions set by the applicable regulations.

ARTICLE 9 – Rights and obligations attached to shares

Each share confers the right to a share in the assets and profits of the Company and in the liquidation surplus in proportion to the amount of capital it represents.

The shareholders' liability for the Company's debts is limited to the amount of their contributions, namely, to the value of the shares they own.

Each share gives the right to take part in and vote at General Meetings under the conditions and subject to the exceptions provided for by the applicable laws and regulations and by these Articles of Association.

Any person owning one or more shares is bound by these Articles of Association and by the decisions taken by General Meetings.

Whenever several shares are required to be held for the purpose of exercising a right, shareholders are personally responsible for obtaining the required number of shares, with no right to take action against the Company in this respect.

Each share is indivisible with regards to the Company. Consequently, joint owners of shares must be represented *vis-à-vis* the Company by one or other of said owners or by a single representative.

Each of the shares gives the right to receive the same net amount in the event of distribution or repayment. Consequently, all the shares are equally subject to any tax exemptions and any taxes payable by the Company to which such distribution or repayment may give rise.

ARTICLE 10 – Disclosure of holdings exceeding specific thresholds

Without prejudice to the provisions of article L. 233-7 of the French Commercial Code (Code de commerce), any person who holds, directly or indirectly, as defined in article L. 233-7, 1% or more of the voting rights at General Meetings, must, within five calendar days following the date the threshold was crossed and, as applicable, irrespective of the date on which ownership of the shares was effectively transferred, disclose to the Company, by registered letter with acknowledgement of receipt, addressed to the registered office, the total number of shares and voting rights held. For registered shareholders and intermediaries not residing in France, this disclosure may be made by means of a procedure equivalent to that of a registered letter with acknowledgement of receipt in use in their country of residence. Such procedure must furnish the Company with proof of the date on which the disclosure was sent and received.

A further disclosure must be made in the conditions described above each time a threshold of a further 1% is exceeded.

Failing a disclosure in the conditions described above, all shares in excess of the threshold for which disclosure should have been made lose their voting rights in respect of any General Meeting that may be held within a two-year period following the date on which the disclosure is finally made, upon request of one or more shareholders holding 5% or more of the share capital, such request being duly recorded in the minutes of the General Meeting. In these same circumstances, voting rights attached to such shares for which proper disclosure has not been made may not be exercised by the shareholder in default, nor may said shareholder delegate such rights to others.

If necessary, the Company may, at any time, identify the holders of equity securities or bondholders, in accordance with the applicable legal and regulatory conditions.

III – MANAGEMENT OF THE COMPANY

ARTICLE 11 – Membership of the Board of Directors

1°) The Company is managed by a Board of Directors comprising at least eight and no more than nine members, individuals or legal entities, in addition to one or two members representing employees, appointed in accordance with the terms and conditions set out in article 11.6 below.

2°) The term of office of members of the Board of Directors is four years. It terminates at the close of the Annual General Meeting called to approve the financial statements for the preceding year held during the year in which the member's term of office expires. Members of the Board of Directors may be re-appointed. However, by way of exception:

- the Ordinary General Meeting may appoint or re-appoint members of the Board of Directors for a term exceeding four years, without however exceeding six years, it being specified that the Board of Directors may not, at any given time, have more than one member whose remaining term of office exceeds four years;

- the Ordinary General Meeting may appoint or re-appoint one or several members for a term of less than four years for the sole purpose of ensuring the staggered re-appointment of the Board, such that subsequent re-appointments apply only to a portion of its members each time.

3°) No more than one-third of the members of the Board of Directors in office may be over seventy-five years old. If this proportion is exceeded, the oldest member is automatically deemed to have resigned.

4°) Each member of the Board of Directors (other than the members representing employees or employee shareholders) must own at least 150 shares of the Company and have three months from the date of their appointment in which to acquire such shares, if not already in their possession at the time of their appointment. Any member who ceases to own the required number of shares during their term of office will automatically be deemed to have resigned if this situation is not remedied within three months.

5°) In the event of a vacancy following death, resignation or for any other reason, the Board may appoint one or more replacement members on a provisional basis. Provisional appointments are confirmed at the next Annual General Meeting.

The replacement member's term of office is for the period remaining until the end of the predecessor's term of office.

If a provisional appointment is not confirmed at the General Meeting, the Board of Directors' decisions nonetheless remain valid.

6°) Where the provisions of article L. 225-27-1 of the French Commercial Code apply to the Company, the Board of Directors also includes one or two members representing Group employees and designated by the Group Employees' Committee.

The Board of Directors will have two employee directors when the number of the other Board members as determined in accordance with article L. 225-27-1 of the French Commercial Code exceeds eight, and one employee representative member when the number of the other Board members as so determined is equal to or less than eight. When two employee directors are appointed, one must be a man and the other a woman.

Subject to the provisions of this article and of the French Commercial Code, employee directors have the same status, powers and responsibilities as the other directors.

The term of office of members of the Board of Directors representing employees is four years.

If the number of the other members of the Board of Directors as referred to in article L. 225-27-1 of the French Commercial Code falls to eight or less, the terms of office of the sitting employee directors will not be affected and will remain in force until their scheduled expiry date.

If the seat of an employee director falls vacant for any reason, it will be filled in accordance with the conditions set out in article L. 225-34 of the French Commercial Code.

ARTICLE 11 bis – Board Advisor (censeur)

In addition to the members of the Board of Directors referred to in article 11, one Board Advisor (*censeur*) may be appointed to the Board of Directors by the shareholders on the Board's recommendation. The Board Advisor must be a natural person and may be chosen from among the shareholders. The General Meeting determines the duration of the Board Advisor's term of office, which may not exceed four years, and can remove the Board Advisor from office at any time.

The Board Advisor is invited to all meetings of the Board of Directors pursuant to the same procedure applicable to its members, and attends meetings in an advisory capacity only.

The Board of Directors determines the terms of the remuneration of the Board Advisor, and may decide to allocate to the Board Advisor a portion of the remuneration that the Ordinary General Meeting has allocated to the members of the Board of Directors.

Article 12 – Meetings of the Board of Directors

1°) The Board of Directors elects from among its members a Chairman, who must be an individual, to exercise the duties provided for by law. The Chairman of the Board of Directors organises and leads the work of the Board, reports thereon to shareholders at the General Meeting and oversees the smooth functioning of the Company's governance bodies. He/she ensures that the directors are able to properly perform their duties.

The Board of Directors determines the remuneration of the Chairman, in accordance with the applicable regulations, and sets the Chairman's term of office, which may not exceed his/her term as a director. The Chairman may be re-elected. The age limit for the Chairman of the Board of Directors is 80 years.

If deemed useful, the Board of Directors may appoint a Vice-Chairman from among its members. The Vice-Chairman is subject to the same age limit as the Chairman. The Vice-Chairman has the duty of replacing the Chairman if he/she is temporarily prevented from fulfilling his/her duties, or in the event of his/her death. This substitution applies: (i) in the event of temporary unavailability, for as long as the Chairman is unavailable; (ii) in the event of death, until a new Chairman is elected.

The Board of Directors chooses a secretary, who need not be a member of the Board. The Vice-Chairman and the Board Secretary remain in post for the period determined by the Board of Directors. In the case of the Vice-Chairman, this period may not exceed his/her term of office as a director.

2°) In the event of the unavailability of the Chairman and of the Vice-Chairman, where applicable, the Board of Directors appoints a chairman for each meeting from among the members present. In the event of the unavailability of the Board Secretary, the Board of Directors appoints a substitute from among its members or a third party.

3°) Meetings of the Board of Directors are held at the registered office or at any other location as indicated in the notice of meeting. The Board of Directors meets as often as required by the interests of the Company.

Meetings may be called by any written means (including by e-mail) by the Chairman of the Board of Directors or, in the absence of the Chairman, by the Vice-Chairman. The agenda is prepared by the person calling the meeting. However, the Board of Directors may meet without advance notice and without a pre-established agenda: (i) if all of the sitting directors are present or represented at the meeting in question, or (ii) if the meeting is called by the Chairman during a General Meeting.

At least one-third of the directors may at any time request the Chairman to convene the Board of Directors with a specific meeting agenda. If the Chairman does not call the meeting within seven calendar days, the directors having requested the meeting of the Board of Directors may directly convene the Board of Directors to deliberate on the agenda initially sent to the Chairman.

4°) At least half of the members must participate in order for the Board of Directors' decisions to be valid.

Decisions are made by a majority vote of the members present or represented and qualified to vote. In the event of a tied vote, the Chairman has the casting vote.

In calculating the quorum and majority, Board members attending the meeting via video conferencing or other telecommunications technology are considered to be present subject to the conditions provided for in the Rules of Procedure of the Board of Directors established by the Board of Directors.

The Board of Directors' deliberations are recorded in minutes entered into a special register and signed by the meeting chairman and secretary or by the majority of members present.

The Board of Directors may take decisions by way of a written consultation among its members under the conditions provided for in the applicable laws and regulations. The arrangements for such consultation are set out in the Rules of Procedure established by the Board of Directors.

5°) By way of exception to article 12 4° above, the specific majority rules set out below will apply until 30 June 2027:

- decisions relating to the appointment or removal of the Chief Executive Officer are taken by a majority of two-thirds of all the votes of the Board of Directors, regardless of the conditions of quorum of the meeting or consultation during which these decisions are taken;
- decisions relating to the appointment of the assistant managing directors (*directeurs généraux adjoints*) are taken by a majority of two-thirds of all the votes of the Board of Directors, regardless

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of the conditions of quorum of the meeting or consultation during which these decisions are taken;

- decisions relating to the appointment or removal of the Vice Chief Executive Officers are taken by a majority of two-thirds of all the votes of the Board of Directors, regardless of the conditions of quorum of the meeting or consultation during which these decisions are taken;

- decisions relating to the remuneration of the Chief Executive Officer and Deputy Chief Executive Officers are taken by a majority of two-thirds of all the votes of the Board of Directors, regardless of the conditions of quorum of the meeting or consultation during which these decisions are taken, where these decisions concern the reduction of said remuneration or the toughening of the associated conditions.

ARTICLE 13 – Powers of the Board of Directors

1°) The Board of Directors determines the orientations of the Company's business and ensures their implementation in line with its corporate interest and taking into consideration the social and environmental issues surrounding its activities. Subject to those powers expressly attributed to the General Meeting, and within the limits of the corporate purpose, the Board addresses all matters concerning the smooth running of the Company and, through its deliberations, controls all matters concerning it.

The Board of Directors proceeds with such controls and verifications as it deems appropriate.

2°) The Board of Directors may decide to create committees to study matters submitted for their opinion by the Board of Directors or its Chairman; the Board of Directors defines their membership, their terms of reference and, where applicable, the remuneration of their members in accordance with the applicable regulations and with the Rules of Procedure established by the Board of Directors. The Board of Directors may assign to one or more of its members any special duties for one or more determined purposes.

ARTICLE 14 – Remuneration of the Board of Directors

The Board of Directors may be allocated annual fixed remuneration, whose amount is fixed by the Ordinary General Meeting and remains unchanged until otherwise decided by a subsequent General Meeting.

The Board of Directors allocates the amount of this remuneration among its members, and allocates any other remuneration to its members, under the conditions provided for by the applicable regulations.

IV – GENERAL MANAGEMENT

ARTICLE 15 – General Management

15.1. Choice between the two methods of General Management organisation

The Company's General Management is conducted, under his/her responsibility, either by the Chairman of the Board of Directors, who then has the title of Chairman and Chief Executive Officer, or by another individual appointed by the Board of Directors, in accordance with article 15.2° hereafter, with the title of Chief Executive Officer, according to the decision of the Board of Directors on the choice between the two methods of General Management organisation. The shareholders and third parties are notified of this choice under the conditions set by the applicable laws and regulations.

When the General Management of the Company is conducted by the Chairman of the Board of Directors, the provisions below concerning the Chief Executive Officer apply to the Chairman.

15.2. Chief Executive Officer and Deputy Chief Executive Officers

1°) The Chief Executive Officer may be chosen from among the directors or otherwise.

2°) On the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals responsible for assisting the Chief Executive Officer, with the title of Deputy Chief Executive Officer. The Deputy Chief Executive Officer may also be a director. The number of Deputy Chief Executive Officers may not exceed five. In agreement with the Chief Executive Officer, the Board of Directors determines the scope and term of the powers granted to the Deputy Chief Executive Officer(s). With respect to third parties, the Deputy Chief Executive Officers possess the same powers as the Chief Executive Officer.

3°) The age limit for persons occupying the position of Chief Executive Officer or Deputy Chief Executive Officer is 80 years. If the Chief Executive Officer or a Deputy Chief Executive Officers reaches this age limit during the course of his/her term of office as Chief Executive Officer or Deputy Chief Executive Officer, as the case may be, they are deemed to have automatically resigned on the date of their eightieth birthday.

The Board of Directors sets the term of office of the Chief Executive Officer and the Deputy Chief Executive Officers.

The term of office of a Chief Executive Officer or Deputy Chief Executive Officer who is a director may not exceed his/her term of office as a director.

The Chief Executive Officer may be removed at any time by decision of the Board of Directors. The same applies to the Deputy Chief Executive Officers, following a recommendation by the Chief Executive Officer. If the removal from office is decided without just cause, it may give rise to damages, unless the Chief Executive Officer performs the duties of Chairman of the Board of Directors.

When the Chief Executive Officer ceases to exercise his/her functions or is prevented from doing so, unless there is a decision to the contrary by the Board of Directors, the Deputy Chief Executive Officers retain their functions and their duties until a new Chief Executive Officer is appointed.

If the Chief Executive Officer is temporarily prevented from performing his/her duties, the Board of Directors may delegate a director to perform the duties of Chief Executive Officer.

The Board of Directors sets the remuneration of the Chief Executive Officer and the Deputy Chief Executive Officers, in accordance with the applicable regulations.

4°) The Chief Executive Officer has the broadest powers to act in any circumstances in the name of the Company. The Chief Executive Officer exercises these powers within the limit of the corporate purpose and subject to the powers expressly attributed by law to the General Meeting and to the Board of Directors.

The Chief Executive Officer represents the Company in its relations with third parties. The Company is bound by the actions of the Chief Executive Officer even if they do not fall within the corporate purpose, unless it can prove that the third party knew that the action in question went beyond the corporate purpose or could not have been unaware of that fact given the circumstances, on the understanding that the mere publication of the Articles of Association is not sufficient evidence of the foregoing.

Any provisions in the Articles of Association or any decisions by the Board of Directors limiting the powers of the Chief Executive Officer are not binding on third parties.

The Chief Executive Officer and the Deputy Chief Executive Officers may, within the limits set by the applicable laws, delegate any powers they deem appropriate, for one or more determined purposes, to any representatives, even from outside the Company, acting individually or as part of a committee or commission. Such powers may be permanent or temporary, and may include a right of substitution.

V - STATUTORY AUDITORS

ARTICLE 16 – Statutory Auditors

One or more Principal Statutory Auditors and, where necessary, one or more Substitute Statutory Auditors, are appointed for the duration, in accordance with the terms and conditions and with the roles and responsibilities provided for in the applicable laws and regulations.

VI – GENERAL MEETINGS OF SHAREHOLDERS

ARTICLE 17 – General Meetings

1°) General Meetings are called in accordance with the conditions provided for by the applicable regulations.

They are held at the registered office or at any other location as indicated in the notice of meeting. Notices of meeting are issued in the manner and within the time period provided by the applicable regulations.

2°) The agenda of the General Meeting is prepared by the person calling the meeting. However, one or more shareholders representing no less than the proportion of share capital required by law and acting in compliance with legal requirements and time limits, may, by registered letter with acknowledgement of receipt, require draft resolutions to be placed on the meeting agenda.

The General Meeting may not deliberate on any matter not on the agenda. The agenda may not be amended when a meeting is called for the second time. Notwithstanding the above, the General Meeting may, in any circumstances, remove one or several members of the Board of Directors and appoint their replacement(s).

3°) Each shareholder has the right to attend General Meetings and to take part in the deliberations, either personally or through a proxy, subject to providing proof of their identity and to submitting evidence of the registration of their shares in the registered shareholders' accounts kept by the Company – either in their own name or in the name of the Authorised Intermediary acting on their behalf in accordance with the seventh paragraph of article L. 228-1 of the French Commercial Code – in the Company's share register under the conditions and within the deadlines provided for by the applicable regulations.

Subject to the conditions provided for by the applicable laws and regulations, the shareholders may, by a decision of the Board of Directors, participate in General Meetings by video conferencing and vote by means of electronic communication. The Board of Directors sets the practical arrangements for this method of attendance and voting. The technologies used must guarantee, as the case may be, the continuous and simultaneous transmission of the deliberations of the meeting, the security of the means used, the verification of the identity of those participating and voting and the integrity of the votes cast.

If a shareholder decides, further to a decision of the Board of Directors taken in accordance with the terms of the second paragraph of this article above, to cast a postal vote or vote online, give proxy to another shareholder or send a blank proxy form to the Company by returning the corresponding form electronically, the electronic signature on that form must:

- either take the form of a secure electronic signature as defined by law at that time;
- or result from the use of a reliable identification procedure guaranteeing the connection between the shareholder and the document to which his/her identity is attached or from any other procedure for identification and/or verification admitted by law at that time.

4°) At each General Meeting, the shareholders each have a number of votes equal to the number of shares they own or represent. However, voting rights double those attributed to other shares as a proportion of the share capital they represent – two votes for each share – are attributed to all those shares which are fully paid up and which have been registered in the name of the same shareholder for at least four years. Shareholders entitled to double voting rights on the date at which the Company was converted into a joint-stock company retain their double voting rights.

Furthermore, where the Company's share capital is increased by incorporation of reserves, profits or share premiums, a double voting right is granted, from the date of issue, in respect of registered shares distributed free of charge to the holder of shares which originally carried double voting rights.

Transfer of title to a share results in the loss of the double voting rights.

However, transfer as a result of inheritance, the liquidation of commonly-held property between spouses or an inter vivos gift to a spouse or to a relative automatically entitled to inherit under French law does not cause existing double voting rights to lapse, nor does it interrupt the four-year period referred to above. Similarly, the merger or demerger of the Company has no effect on double voting rights, which may be exercised within the resulting company or companies if the articles of association of the said companies recognise such rights.

For pledged shares, the right to vote is exercised by the owner. For shares where beneficial ownership and bare ownership are separated, the right to vote is exercised by the beneficial owner (usufruitier) at Ordinary General Meetings, and by the bare owner (nu-propriétaire) at Extraordinary General Meetings.

5°) An attendance register containing the information required by law is kept for each General Meeting.

The attendance register is signed by all shareholders present and by the proxy holders. The meeting officers may decide to append the powers of attorney given to each proxy holder and the postal voting forms to the register, in hard copy, electronic or digital format. On the basis of specifications provided by the establishment in charge of organising the General Meeting, the attendance register is certified as accurate by the meeting officers and signed by said officers and by the meeting secretary.

6°) General Meetings are chaired by the Chairman of the Board of Directors or, in the absence of the Chairman, by the Vice-Chairman, or by a member of the Board of Directors appointed by the Vice-Chairman. If the person entitled or appointed to chair the Meeting fails to do so, the General Meeting elects its own chair.

The role of vote teller (*scrutateur*) is performed by the two shareholders in attendance having the greatest number of shares, either directly or by way of proxy, who must consent thereto. The meeting officers (chair and vote tellers) appoint a secretary, who need not be a shareholder.

The meeting officers verify, certify and sign the attendance register, ensure that the deliberations are properly held, settle any differences that may arise in the course of the meeting, ensure that the minutes of the meeting are prepared and, with the establishment in charge of organising the General Meeting, verify the votes cast and ensure their validity.

7°) Minutes recording the deliberations of each General Meeting are entered in a special register signed by the meeting officers. The minutes, prepared and recorded in this form, are considered to be a genuine transcript of the General Meeting. All copies of, or extracts from, the minutes must be certified by the Chairman of the Board of Directors, by a director holding the position of Chief Executive Officer, or by the meeting secretary.

ARTICLE 18 – Ordinary General Meetings

1°) Ordinary General Meetings may be called at any time. However, an Ordinary Annual General Meeting must be held at least once a year within six months of the close of each financial year.

2°) The Ordinary Annual General Meeting examines the reports prepared by the Board of Directors and the reports of the Statutory Auditors. It reviews and approves the Company's financial statements for the previous year and the proposed allocation of profit, in accordance with the applicable laws and these Articles of Association. In addition, the Ordinary Annual General Meeting and any other Ordinary General Meeting may appoint or remove the members of the Board of Directors, appoint the Statutory Auditors and vote on all matters within its remit and included on the meeting agenda, with the exception of those matters defined in article 19 as being exclusively within the remit of an Extraordinary General Meeting.

3°) All the shareholders fulfilling the conditions set by law are called to attend the Ordinary General Meeting.

The deliberations of an Ordinary General Meeting held at first call are valid only if the shareholders present, represented or having voted online or by post hold at least one-fifth of the shares carrying voting rights. At second call, the deliberations are valid irrespective of how many shareholders are present, represented or have voted online or by post.

4°) These resolutions are passed by a majority vote of the shareholders present, represented or having voted online or by post at the General Meeting. The votes cast do not include those attached to shares for which the shareholder did not take part in the vote, abstained or cast a blank or void ballot.

ARTICLE 19 – Extraordinary General Meetings

1°) The remit of the Extraordinary General Meeting includes any amendments of these Articles of Association for which the approval by an Extraordinary General Meeting is required by law, including but not limited to, and subject to the provisions of these Articles of Association, the following:

- an increase or reduction of the Company's share capital;
- a change in the terms and conditions of share transfers;
- a change in the corporate purpose, term or registered office of the Company, subject to the powers granted to the Board of Directors to relocate the Company's registered office pursuant to the law;
- the conversion of the Company into a different corporate form;
- the winding-up of the Company;
- the merging of the Company;
- and all other matters within the remit of the Extraordinary General Meeting, in accordance with the law.

2°) All the shareholders under the conditions set down by law are called to attend the Extraordinary General Meeting.

The deliberations of an Extraordinary General Meeting held at first call are valid only if the shareholders present, represented or having voted online or by post hold at least a quarter of the shares carrying voting rights. The deliberations of an Extraordinary General Meeting held at second call are valid only if the shareholders present, represented or having voted online or by post hold at least one-fifth of the shares carrying voting rights.

3°) In all cases, the resolutions of Extraordinary General Meetings are passed by a vote in favour by at least two-thirds of the votes cast by shareholders present, represented or having voted by online or by post. The votes cast do not include those attached to shares for which the shareholder did not take part in the vote, abstained or cast a blank or void ballot.

ARTICLE 20 – Shareholder information

Each shareholder is entitled to have access to or, where applicable, receive documents relating to the Company under the terms and conditions provided by the applicable laws and regulations.

VII – FINANCIAL STATEMENTS - ALLOCATION OF PROFIT

ARTICLE 21 – Financial year

The Company's financial year begins on 1 January and ends on 31 December of each year.

ARTICLE 22 – Financial statements

The Board of Directors draws up an inventory of the Company's assets and liabilities at the end of each financial year.

It also draws up a balance sheet describing the assets and liabilities and separately showing shareholders' equity, an income statement summarising income and expenses for the financial year, and notes to the financial statements supplementing and commenting on the information given in the balance sheet and the income statement.

All necessary depreciation, amortisation and provisions are recognised even if there is no or insufficient profit. A statement of the guarantees, endorsements and undertakings given and the sureties granted by the Company is appended to the balance sheet.

The Board of Directors prepares a management report which describes the position of the Company and that of its subsidiaries during the past financial year, foreseeable changes and any significant events occurring between the end of the financial year and the date on which the report was prepared, as well as any other information required under the applicable laws and regulations.

All of the above documents are submitted to the Statutory Auditors for comment prior to being submitted to the shareholders for approval.

ARTICLE 23 – Allocation of profit

The income statement, which summarises all the income and expenses for the year, shows, after depreciation, amortisation and provisions, the profit or loss for the financial year.

Out of the profit for the year, less previous accumulated losses if any, a certain amount must, by law, be set aside in priority and to the extent necessary to form the legal reserve.

Distributable profit is composed of the profit for the year less any accumulated losses and transfers to reserves required by law or by the Articles of Association, plus any unappropriated retained earnings.

The distributable profit is allocated to the shareholders in proportion to the number of shares held by each.

However, the General Meeting may, upon recommendation of the Board of Directors, decide to set aside from the balance of distributable profit such amounts as it deems fit to be carried forward, or to be allocated to one or more general, extraordinary or special reserves.

Dividends are distributed, by priority, out of the profit for the year.

The General Meeting may, in addition, decide to distribute any part of the reserves available to it by expressly indicating those reserves from which such distributions are to be made. To the extent that such reserves have been established by deduction from distributable profit allocated to the shareholders, the amounts paid out therefrom accrue to the benefit of owners of shares alone, in proportion to the number of shares held by each.

The General Meeting called to approve the financial statements for the year may, in respect of all or part of said dividend, offer each shareholder the option to receive payment in cash or in shares.

Similarly, the Ordinary General Meeting approving the distribution of an interim dividend under the terms of article L. 232-12 of the French Commercial Code, may, in respect of all or part of said interim dividend, offer each shareholder the option to receive payment thereof in cash or in shares.

The offer for payment in shares, the price and conditions under which the shares are issued, the request for payment in shares and the conditions of the resulting capital increase are governed by the applicable law and regulations.

The terms of payment of dividends are set by the General Meeting or, failing that, by the Board of Directors. However, dividends must be paid within a maximum period of nine months from the close of the financial year, save where this period is extended by court order.

The General Meeting may also decide at any time to distribute the profits, reserves and/or premiums at its disposal by means of any distribution method, directly or indirectly, for all or part of the distribution, of negotiable financial instruments or any other assets included on the Company's balance sheet. Shareholders must, where applicable, personally ensure that the shares are grouped in such a way as to obtain a whole number of financial instruments or other rights so distributed.

VIII - WINDING UP AND LIQUIDATION

ARTICLE 24 – Loss of half of the share capital

In the event that the Company's annual financial statements show losses which result in shareholders' equity falling below half of the share capital, the Board of Directors must, within four months following the shareholders' approval of the financial statements in which such losses were disclosed, call an Extraordinary General Meeting in order to decide whether there is cause to wind up the Company ahead of term. If the Extraordinary General Meeting decides against winding up the Company and if the shareholders' equity has not been restored to at least half of the Company's share capital within the time period set by law, the share capital must be reduced by an amount at least equal to that of the losses that cannot be charged against reserves.

ARTICLE 25 – Winding up of the Company

The Company will be wound up in the cases provided for by law (including but not limited to, at the end of its term including any extension thereof) or by a decision to wind up the Company ahead of term made by an Extraordinary General Meeting.

ARTICLE 26 – Liquidation of the Company

The Company will be in liquidation as soon as it has been wound up, irrespective of the reason therefor.

One or several liquidators will be appointed, either by the Extraordinary General Meeting deciding to wind up the Company, whose decision will be made under the same quorum and majority requirements as for Ordinary General Meetings, or by an Ordinary General Meeting called on an extraordinary basis.

The liquidator – or each of the liquidators if there are several – represents the Company and has the broadest powers to realise the Company's assets, even by private agreement, as well as the authority to pay creditors and to distribute the remaining balance.

The General Meeting may authorise the liquidators to continue the Company's current business and to undertake new business for the requirements of the liquidation.

The net proceeds arising on liquidation, after settlement of liabilities, is used to fully repay the paid-up, non-redeemed share capital.

The balance, if any, is divided in proportion to the number of shares held by each shareholder.

ARTICLE 27 – Disputes

Any disputes arising during the lifetime of the Company or its liquidation, either between the shareholders, the members of General Management, the members of the Board of Directors and the Company, or between the shareholders themselves and relating to the Company's business are submitted to the courts of competent jurisdiction and judged in accordance with French law.

2.10.2 RULES OF PROCEDURE APPLICABLE TO THE BOARD OF DIRECTORS

RULES OF PROCEDURE APPLICABLE TO THE BOARD OF DIRECTORS

OF LAGARDÈRE SA

(Adopted on 30 June 2021)

Out of a desire to implement corporate governance practices within Lagardère SA (the "Company"), the Board of Directors, by a joint decision of its members, has adopted the following Rules of Procedure, the purpose of which is to:

- clarify and supplement the Board's operating and organisational procedures; and
- restate those professional ethical and legal standards that each member is individually bound to observe.

In the event of interpretation difficulties between the provisions of these Rules of Procedure and those of the Articles of Association, the latter shall prevail, subject to the specific majority rules set out in article 3 hereof.

These provisions are for internal use only and are not binding on third parties. They may only be invoked by the Company with respect to corporate officers or persons attending meetings of the Board of Directors or of the Board Committees. They may not be invoked by third parties or by shareholders against the Company or its corporate officers.

Article 1 – Powers, Authority, and Functions of the Board of Directors

The Board of Directors deliberates on matters falling within its remit pursuant to the law and the Articles of Association, and acts in the interests of the Company at all times.

The Board of Directors determines the orientations of the Company's business and ensures their implementation in line with the corporate interest, in particular taking into consideration the social and environmental issues surrounding its activities pursuant to the law (article L. 225-35 of the French Commercial Code) and the Company's Articles of Association. Subject to those powers expressly attributed to the General Meeting, and within the limits of the corporate purpose, the Board addresses all matters concerning the smooth running of the Company and, through its deliberations, controls all matters concerning it.

It performs the controls and verifications it deems appropriate.

In particular, in accordance with applicable laws and regulations and under any terms and conditions set out in these Rules of Procedure, the Board of Directors, inter alia:

- *may call the General Meeting of the Company and set the agenda for said Meeting;*
- *reviews and approves the parent company and consolidated financial statements, and prepares the annual management report;*
- *authorises the agreements referred to in articles L. 225-38 et seq. of the French Commercial Code;*
- *authorises the deposits, endorsements and guarantees undertaken by third parties and referred to in article L. 225-35 of the French Commercial Code;*
- *chooses the method of General Management organisation, in accordance with articles 15.1 and 15.2 of the Articles of Association;*

- *appoints, replaces or removes from office:*
  - *the Chairman of the Board of Directors,*
  - *the Chief Executive Officer,*
  - *and, where applicable, the Deputy Chief Executive Officer(s) on the recommendation of the Chief Executive Officer;*
- *appoints, where applicable, the assistant managing director(s) on the recommendation of the Chief Executive Officer;*
- *approves any major transactions falling outside of the Company's strategy;*
- *determines the powers of the Chief Executive Officer and, where applicable, and in agreement with the latter, those of the Deputy Chief Executive Officer(s) and the assistant managing director(s);*
- *may co-opt directors;*
- *sets the remuneration policy for the corporate officers (directors, Chairman of the Board of Directors, Chief Executive Officer and, where applicable, Deputy Chief Executive Officer(s), and determines the components of remuneration in accordance with the applicable policy;*
- *appoints the members of the Board Committees created pursuant to the law, the Articles of Association and the Board of Directors' Rules of Procedure;*
- *authorises the Company's Chief Executive Officer, the latter having the power to sub-delegate if applicable, to grant deposits, endorsements and guarantees under the specified conditions.*

To this end, the Board of Directors meets as often as required by the interests of the Company, and at least once every quarter.

The Board of Directors elects from among its members a Chairman, who must be an individual, for a term not exceeding the term of his or her term of office as director, and may be re-elected. The Chairman organises and leads the work of the Board of Directors, and reports thereon to shareholders at the General Meeting. He or she also oversees the effective operation of the management bodies. The Chairman coordinates the work of the Board of Directors with that of the Board Committees.

If deemed useful, the Board of Directors may appoint a Vice-Chairman from among its members. The Vice-Chairman has the duty of replacing the Chairman if he/she is temporarily prevented from fulfilling his/her duties, or in the event of his/her death. This substitution applies: (i) in the event of temporary unavailability, for as long as the Chairman is unavailable; (ii) in the event of death, until a new Chairman is elected.

The Board may grant, with or without a right of substitution, full powers to its Chairman or to other designated officers, subject to the limitations provided for by law.

Article 2 – Independent members

As far as possible, the Board of Directors will endeavour to include a significant proportion of independent directors accounting for half of serving Board members, excluding employee directors.

Director independence is determined by the Board of Directors based on a recommendation of the Appointments, Remuneration and CSR Committee; the director concerned may, should he or she so wish, participate in discussions regarding the assessment of his or her independence, and in any case may make any appropriate observations in this regard to the Board of Directors, and to the Appointments, Remuneration and CSR Committee.

The criteria to be used by the Board of Directors and Appointments, Remuneration and CSR Committee in determining whether a director is independent are those set out in the applicable Afep-Medef Corporate Governance Code.

Each year, the Appointments, Remuneration and CSR Committee discusses whether or not each director meets the specified independence criteria, and their examination is reviewed by the Board of Directors on a case-by-case basis with respect to this framework.

The Board of Directors may however consider that a director who does not meet the independence criteria is nevertheless independent.

Qualification as an independent director is also discussed when a new director is appointed or a serving director is re-appointed.

The findings of the Board's examination of director independence are brought to the attention of shareholders in the Corporate Governance Report.

Article 3 – Meetings of the Board of Directors

Each year, the Board shall prepare a meeting schedule for the coming year, on the recommendation of its Chairman.

Meetings must be of sufficient length to appropriately deliberate upon and make decisions regarding the agenda.

Members of the Board of Directors may instruct in writing another Board member to represent them at a Board meeting.

Each member of the Board of Directors may only represent one other member in this way at a given meeting in accordance with the previous paragraph.

The provisions of the two previous paragraphs apply to the permanent representative on the Board of Directors of a legal entity.

On the Board of Directors' recommendation, the General Meeting may appoint a Board advisor from among or outside the Group's shareholders, who must be an individual, in order to assist the Board of Directors. The General Meeting may remove the Board advisor at any time. The Board of Directors sets the Board advisor's remuneration. The Board advisor is invited to all meetings of the Board of Directors pursuant to the same procedure applicable to its members, and participates in deliberations in an advisory capacity only. The absence of an advisor shall not, however, affect the validity of the Board's deliberations. All of the obligations of the directors as stated herein also apply to the Board advisor.

Where the Deputy Chief Executive Officers are not members of the Board of Directors, they shall participate in Board meetings unless otherwise decided by the Board of Directors. To this end, the Deputy Chief Executive Officers are invited to all meetings of the Board of Directors pursuant to the same procedure applicable to its members.

Meetings may be called by any written means (including by e-mail) by the Chairman of the Board of Directors or, in the absence of the Chairman, by the Vice-Chairman.

Notices of meeting shall be issued with reasonable advance notice (short notice may be given if appropriate in the event of emergencies), and shall include the meeting's agenda, as prepared by the person calling the meeting. However, the Board of Directors may meet without advance notice and without a pre-established agenda: (i) if all of the sitting directors are present or represented at the meeting in question, or (ii) if the meeting is called by the Chairman during a General Meeting.

At least one-third of the directors may at any time request the Chairman to convene the Board of Directors with a specific meeting agenda. If the Chairman does not call the meeting within seven calendar days, the directors having requested the meeting of the Board of Directors may directly convene the Board of Directors to deliberate on the agenda initially sent to the Chairman.

Meetings of the Board are held either at the registered office or at any other location indicated in the notice of meeting.

Meetings of the Board of Directors are chaired by the Board Chairman. Should the Chairman be unable to attend, the meeting shall be chaired by the Vice-Chairman of the Board. If the Vice-Chairman is unable to attend, or is otherwise not present at the Board meeting, the Board appoints a Chairman for that particular meeting.

At least half of the members must participate in order for the Board of Directors' decisions to be valid.

Decisions are made by a majority vote of the members present or represented. Exceptionally, the following decisions may be taken by the Board of Directors under the majority conditions specified below:

- *disposal of major assets: any disposal of a subsidiary or business asset individually or collectively representing, over any 12-month period, revenue of over (i) €50 million for subsidiaries or business assets operating in the publishing business, (ii) €100 million for subsidiaries or business assets operating in the travel retail business, or (iii) €10 million for subsidiaries or business assets operating in the media business (radio and written press), may not be decided without the prior approval of a majority of three fifths of all the votes of Board members (regardless of the conditions of quorum of the meeting or consultation during which these decisions are taken, it being specified that any amendment to these Rules of Procedure that results in a change in how such decisions are taken must be approved by the same majority of three-fifths of all the votes of Board members (e.g., 7 out of 11 members, regardless of the quorum conditions, if the Board of Directors has 11 members);*

- *appointment of the Chief Executive Officer and Deputy Chief Executive Officer(s): pursuant to the Articles of Association, for a period of six years starting 30 June 2021, any decisions to remove or replace the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officer(s), or to appoint a new Chief Executive Officer, Deputy Chief Executive Officer(s) or assistant managing directors, shall be taken by a majority of two-thirds of all the votes of Board members, regardless of the conditions of quorum of the meeting or consultation during which these decisions are taken (it being specified that the Chief Executive Officer and/or Deputy Chief Executive Officer, where these are directors, may take part in the vote on these deliberations) (e.g., 8 out of 11 members, regardless of the quorum conditions, if the Board of Directors has 11 members);*

- *remuneration of the Chief Executive Officer and Deputy Chief Executive Officer(s): pursuant to the Articles of Association, for a period of six years starting 30 June 2021, any decisions relating to the remuneration of the Chief Executive Officer and, where applicable, the Deputy Chief Executive Officer(s), shall be taken by a majority of two-thirds of all the votes of Board members, regardless of the conditions of quorum of the meeting or consultation during which these decisions are taken, if they concern a reduction in said remuneration or if they introduce stricter conditions in this regard, it being specified that other decisions setting such remuneration shall be made by a simple majority vote of the members of the Company's Board of Directors.*

In the event of a tie, the Chairman of the Board will have the casting vote.

Members of the Board of Directors may, under the conditions provided for by applicable laws and regulations, attend the meetings of the Board of Directors via video conferencing or other telecommunications technology, including via a conference call ("**Telecommunications link**"). The Chairman ensures that the telecommunications link used enables the members of the Board of Directors to be identified and guarantees their effective participation in the Board meeting, along with the continuous transmission of its deliberations. To guarantee identification and ensure effective participation in the Board meeting, the telecommunications link must transmit at least the voice of the participants and meet the technical requirements for a continuous and simultaneous transmission of the deliberations of the meeting. Anyone joining the meeting remotely shall disclose their identity, and the presence of any person external to the Board must be reported and approved by all of the directors participating in the meeting.

Members of the Board of Directors participating in Board meetings via the accepted telecommunications link are deemed to be present for the purposes of calculating the quorum and majority, except when adopting decisions specifically excluded from such votes pursuant to the law, in particular those cases set out in articles L. 232-1 and L. 233-16 of the French Commercial Code (preparation of parent company and consolidated financial statements along with the reports mentioned in said articles).

The minutes of each meeting shall indicate the names of the directors participating in the meeting remotely, along with the type of telecommunications link used and any transmission issues that may have disrupted the meeting if relevant.

The documents enabling Board members to accomplish their mission shall be passed to them in due course. The notice of meeting sent to the members of the Board of Directors shall also include the agenda for that meeting along with any information or documentation necessary to deliberate thereon and to make an informed decision about the agenda items.

An attendance record shall be kept that is signed by Board members participating in the meeting and which, if applicable, must indicate the names of members participating in the deliberations remotely via a telecommunications link.

The Board of Directors' deliberations are recorded in minutes signed by the Chairman of the meeting and by at least one director or, in the event the Chairman is unable to attend, by at least two directors. The minutes of each meeting shall be kept in compliance with regulatory provisions and the Articles of Association.

The minutes of each meeting shall indicate the names of the members physically present or attending via Telecommunications, represented, excused, or absent. It shall indicate the attendance or absence of persons summoned to the meeting on the basis of a provision of law as well as the presence of any other person that attended all or part of the meeting.

Meeting minutes shall summarise discussions and clearly and precisely state the decisions of the Board. The minutes must indicate the issues raised, the qualifications and reservations stated, and, if applicable, the identity of members that voted against decisions.

Each member shall receive a copy of the minutes of the Board meeting in which he or she participated once the minutes are prepared and, where possible, at the latest within fifteen (15) days of each meeting.

Each Board member shall be entitled to the reimbursement of any travel expenses they incur in performing their duties, provided that these are reasonable and accompanied by receipts.

Once a year, the Board discusses its operation (which includes reviewing the Board Committees), which is then reported in the Company's Corporate Governance Report. In this way, shareholders can be kept informed each year of any assessments carried out, along with any corresponding follow-up measures taken.

Pursuant to article 12 of the Company's Articles of Association, in a few specific cases provided for by law, the decisions of the Board of Directors may also be taken by way of a written consultation at the request of the Board Chairman.

In the event of a written consultation at the request of the Chairman of the Board of Directors, the Board Secretary shall send each director and Board advisor, by any means, including electronically, the draft wording of any decision(s), along with the documents intended to serve as the basis for the directors' decisions and the date on which the person calling the meeting must receive the directors' votes. Except in the event of unanimous agreement by the directors, the deadline for voting may not be shorter than five (5) days from the date on which the written consultation is sent.

Directors should indicate either a "yes" or "no" vote for each decision, it being specified that the Board advisor votes in a consultative capacity only. Directors' responses are to be sent to the Board Secretary by any means, including electronically. Any director who does not reply within the specified period is considered to have abstained from voting.

The Board Secretary consolidates the directors' votes on the motion and informs the Board of the outcome of the vote. Where appropriate, this information also includes any comments made by the directors. Decisions are formally recorded in the minutes of the meeting, which are signed and entered in a special register of Board decisions.

Article 4 - Duties and obligations of Board members

As indicated in its annual Corporate Governance Report, the Company uses the applicable Afep-Medef Corporate Governance Code as its corporate governance framework.

The rules set forth hereinafter shall apply to Board members, be they individuals or legal entities, as well as permanent representatives of legal entities that are members of the Board of Directors.

4.1. General obligations

Before accepting his or her position, each Board member makes sure that he or she has been informed of all general or special obligations. Members of the Board of Directors are required to be aware of the general and specific obligations applicable to their office, as well as of any legal and regulatory provisions, the Company's Articles of Association and the Board's Rules of Procedure.

Each member of the Board of Directors shall ensure that he or she complies with the provisions of laws and regulations governing the duties of members of the Board of Directors of a joint-stock company, as well as the provisions of the Company's Articles of Association and these Rules of Procedure applicable to the Board of Directors, and in particular, those laws and regulations concerning:

- *the definition of the powers of the Board of Directors;*
- *the plurality of offices;*
- *conflicts of interest and incapacity;*
- *agreements between the Company and a member of the Board of Directors, entered into directly or indirectly; and*
- *the possession and use of insider or confidential information.*

Board members shall inform the Board of Directors and the Appointments, Remuneration and CSR Committee of any actual or potential financial and/or commercial conflict-of-interest situation, and shall refrain from participating in the relevant deliberations and votes.

4.2. Duty of confidentiality and discretion

Directors shall comply with the confidentiality provisions applicable to Board members pursuant to the law.

In the event that third parties who are not directors are invited to participate in a Board meeting or in work carried out in preparation for such a meeting, the Chairman of the Board of Directors shall remind those third parties of their duty of confidentiality with regard to any information received during the Board meeting concerned or prior to that meeting.

4.3. Duty of diligence - Plurality of offices

Directors shall devote the necessary time and attention to their functions and duties.

Each member of the Board of Directors undertakes to exercise diligence in;

- *attending, insofar as possible, all Board meetings, where applicable via a telecommunications link;*

- *attending, insofar as possible, all General Meetings of shareholders;*
- *attending meetings of any Board Committees on which the director serves.*

The Corporate Governance Report gives shareholders all useful information about the individual attendance of directors at such meetings.

The Chairman of the Board of Directors or the Chief Executive Officer is required to provide each Board member with all of the documentation useful or necessary for the performance of his or her duties.

In addition, these members shall be allowed, through the Chairman of the Board of Directors, to ask the Company to transmit to them certain documents deemed appropriate by them, and to which they have access according to the law; these transmissions shall be carried out by all means ensuring confidentiality.

Each Board member is required to comply with the legal provisions regarding plurality of offices, which are applicable to joint-stock companies. A Board member who is or should come to be in violation of said provisions of the law has three (3) months to comply with the law. Each director must keep the Board informed of any offices held in other companies, including of his or her participation in committees set up by the board of directors of such French or international companies.

4.4. Holding of Company shares

Board members shall make efforts to hold a relatively significant number of shares. Accordingly, each Board member (other than members representing employees or employee shareholders) is required to hold 150 registered Company shares.

Article 5 – Audit Committee

In accordance with the law, the Board of Directors has created internally an Audit Committee with the following specific roles and responsibilities:

- *monitoring the process for preparing financial information and, where applicable, making recommendations to guarantee the reliability of that information;*
- *reviewing the draft annual and interim financial statements of the Company and the draft annual and interim consolidated financial statements of the Company and its subsidiaries (hereafter the “**Group**” or the “**Lagardère group**”) before they are submitted to the Board;*
- *ensuring that the accounting policies and principles adopted are pertinent for the preparation of the Company’s individual and consolidated financial statements, as well as the quality, completeness, accuracy, and fairness of those financial statements;*
- *ensuring the monitoring of the effectiveness of internal control and risk management systems and where applicable internal audit, as regards accounting and financial reporting procedures;*
- *ensuring that the Company has reliable internal control procedures, particularly with respect to risk exposure, including social and environmental risks;*
- *issuing a recommendation on the Statutory Auditors nominated for appointment or for re-appointment by the General Meeting, and on fees payable to those Statutory Auditors;*
- *ensuring the monitoring of the implementation of measures to prevent and detect corruption;*
- *reviewing the agreements between the Group and the Company’s senior executives;*
- *ensuring the Statutory Auditors' independence.*

The Audit Committee regularly reports to the Board of Directors on the performance of its duties, and promptly informs the Board of any difficulties encountered.

The Audit Committee shall consist of three to seven members, including the Chairman, a minimum of two-thirds of whom, including the Chairman, shall be considered independent members. Committee members shall be chosen from among the members of the Board of Directors, with the exception of those holding management positions and Members Related to Competitors (as defined in Appendix 1). At least one of the independent members of the Audit Committee must have specific financial, accounting or auditing expertise.

The Chair of the Audit Committee reports to (or instructs someone to report to) the members of the Board on the work conducted by the Committee.

Article 6 – Appointments, Remuneration and CSR Committee

The Board of Directors has created internally an Appointments, Remuneration and CSR Committee with the following specific roles and responsibilities:

Regarding Board and Committee membership:

- *defining the selection criteria for future members;*
- *making recommendations as to changes in Board membership and candidate profiles.*

Regarding the appointment of executive corporate officers:

- *issuing an advisory opinion to the Board of Directors on the proposed appointment or re-appointment of the Chairman and Chief Executive Officer (or of the Chief Executive Officer, as appropriate) as well as of the Deputy Chief Executive Officer(s) where appropriate;*
- *preparing for the future in terms of the membership of the Company's management bodies, particularly by drawing up a succession plan for the executive corporate officers.*

Regarding remuneration:

- *proposing the overall amount of annual remuneration allocated to members of the Board of Directors, which is submitted to the General Meeting for approval;*
- *proposing to the Board of Directors the remuneration policy applicable to executive corporate officers (members of the Board of Directors and of the Board Committees, Chairman of the Board of Directors, Chief Executive Officer and, where applicable, Deputy Chief Executive Officer(s)), which is submitted to the General Meeting for approval;*
- *proposing to the Board the components of remuneration in accordance with the applicable policy.*

Regarding governance:

- *regularly reviewing the independence of members of the Board of Directors in light of the independence criteria set out in the Afep-Medef Code;*
- *managing the annual assessment of the operations of the Board and its Committees;*
- *assessing the risks of conflicts of interest between members of the Board of Directors and the Group (in connection with the Ring-fencing Delegate if the ring-fencing system should be applied) and making suggestions to the Board, including as regards any specific ring-fencing arrangement deemed appropriate for handling specific cases;*
- *reviewing the anti-discrimination and diversity policy implemented by General Management, notably as regards the principle of gender balance within the Group's managing bodies.*

Regarding sustainable development (CSR):

- *examining the main corporate, environmental and social risks and opportunities for the Group as well as the CSR policy in place;*
- *reviewing the reporting, assessment and monitoring systems allowing the Group to prepare reliable ESG data;*
- *examining the Group's main lines of communication with shareholders and other stakeholders regarding corporate social responsibility matters;*
- *examining and monitoring the Group's rankings attributed by ESG rating agencies.*

The Appointments, Remuneration and CSR Committee shall have between three and five members, the majority of whom – including the Chairman – must be independent. Committee members shall be chosen from among the members of the Board of Directors, with the exception of those holding management positions and Members Related to Competitors (as defined in Appendix 1).

The Committee Chairman shall report to or have a report made to Board members regarding the work performed by the Appointments, Remuneration and CSR Committee.

Article 7 - Effective Date – Amendments

These Rules of Procedure shall enter into effect on the date of their adoption by the Board by a simple majority vote of its members. Any amendments and/or additions to these Rules of Procedure shall be made by a simple majority vote of Board members, it being specified however that any amendments to these Rules of Procedure that result in changes to the definition of the qualified decision-taking majority for any operations involving the disposal of a subsidiary or a business asset individually or collectively representing, over any 12-month period, sales of over (i) €50 million for subsidiaries or business assets operating in the publishing business, (ii) €100 million for subsidiaries or business assets operating in the travel retail business or (iii) €10 million for subsidiaries or business assets operating in the media business (radio and written press), as provided for in article 3 of these Rules of Procedure, must be approved by a majority of three-fifths of the votes of Board members.

These Rules of Procedure shall be communicated to each director prior to his or her taking office.

Appendix 1

Ring-fencing

1. Introduction

French competition law prohibits agreements and concerted practices between two or more companies which have as their object or effect the prevention, restriction or distortion of competition.

Exchanges of information between competitors may constitute an illicit agreement when such exchanges reduce, for market participants, uncertainty as to the competitive environment of that market by artificially increasing its transparency or facilitating the coordination of their conduct on the market.

Exchanges of non-public sensitive information between competitors are prohibited. Sensitive information includes, but is not limited to, strategic information about companies active on the relevant market in terms of prices, costs, margins, sales volumes, market share, suppliers and customers, detailed business plans, budgets, major investments or projects, and their performance and results (“**Sensitive Information**“).

The measures discussed in this Appendix, known as “ring-fencing”, are designed to prevent the exchange of sensitive information and, more generally, any illicit agreements between competitors within the Board of Directors and/or the Board Committees.

2. Scope

This Appendix defines the specific obligations and restrictions – besides those provided for in article 4 of the Rules of Procedure, applicable to the members of the Board of Directors appointed on the recommendation of one of the Lagardère group’s competitors.

A competitor means (i) any company operating directly on one or more product or service markets on which the Lagardère group is also present, (ii) any company belonging to that company’s group, and (iii) any individuals who directly or indirectly control such companies or are related to them (“**Competitor**“).

For the purposes of this article, companies or individuals are considered as belonging to the same group as a direct competitor of the Lagardère group if they control or are controlled by that company or individual, or if they are directly or indirectly controlled by the same individual as that which controls said company. Control is defined in accordance with Regulation (EC) No. 139/2004.

3. Duties of members of the Board of Directors appointed on the proposal of a Competitor of the Lagardère group

The duties of the members of the Board of Directors appointed on the proposal of a Lagardère group Competitor differ depending on whether they are (i) related to the Competitor by an employment contract, corporate office or directorship, or a significant business relationship (“**Members Related to a Competitor**”) or (ii) independent of the Competitor (“**Independent Members**”).

3.1. Duties of Members Related to a Competitor

3.1.1. Conflicts of interest

Members Related to a Competitor may not hold any office whatsoever within a direct competitor of the Lagardère group (i.e., a company belonging to the Competitor which itself operates in the same market(s) as the group).

If the Member Related to a Competitor were to hold such an office prior to his or her appointment as member of the Company's Board of Directors, that Member undertakes to promptly terminate said office prior to his or her appointment as a member of the Company's Board of Directors.

This conflict of interests applies throughout the tenure of the Member Related to a Competitor as director on the Board of Lagardère SA, and for a term of one year after the expiry of said term.

At the end of their term of office as members of the Board of Directors of Lagardère SA, Members Related to a Competitor may, if they so wish, ask the Company's Board of Directors to wholly or partly remove the conflict of interest situation defined in sections 9 and 11 above.

The Company's Board of Directors can approve this request by a majority vote of its members, following the joint opinion of its Ring-fencing Delegate and an independent third party, taking into account the term of office of the Member Related to the Competitor, its effective participation in meetings of Lagardère SA's Board of Directors, and any information disclosed to the Member in connection with its office as director.

3.1.2 Duties of Members Related to a Competitor within the Board of Directors

a/ Access to information

Members Related to a Competitor receive the documents provided to all members of the Board of Directors (agenda for Board meetings, meeting documentation, data packs, minutes, etc.) but all Sensitive Information with regard to the Competitor which proposed their appointment shall be removed.

In the event that several Members Related to a Competitor receive such documents, the documents are produced in as many versions as necessary for each Member Related to a Competitor to have access to a version where any Sensitive Information with regard to the Competitor which proposed their appointment has been removed.

b/ Participation of Members Related to a Competitor in meetings of the Board of Directors

Members Related to a Competitor receive notices of meetings of the Board of Directors and may participate in those meetings, either physically or using a telecommunications link, in the conditions set out below.

Members Related to a Competitor may participate in discussions regarding all matters that do not result in the disclosure of Sensitive Information with regard to the Competitor which proposed their appointment.

Members Related to a Competitor must take leave of the meeting (physically or, where applicable, by switching off the telecommunications link used to participate in the meeting) when the matters discussed within the Board result in the disclosure of Sensitive Information with regard to the Competitor which proposed their appointment.

The agenda for the meeting must enable such matters to be identified prior to the meeting itself, so that the Ring-fencing Delegate, as defined in section 4, or the Chairman of the meeting, can mention it at the beginning of the meeting and then ask the Member Related to the Competitor to leave the meeting, at the appropriate time.

When the agenda for the meeting does not enable such matters to be identified prior to the meeting itself, the Ring-fencing Delegate, the Chairman of the meeting, or any other member of the Board of Directors may request, during the meeting, that the Members Related to a Competitor leave the meeting if Sensitive Information is to be disclosed.

The minutes of the meetings of the Board of Directors shall indicate in this case at what time the Members Related to a Competitor left the meeting.

Any matters discussed by the Board in their absence shall be removed from the minutes of a meeting of the Board of Directors provided to the Members Related to a Competitor.

In the event that a Board meeting deals exclusively with sensitive matters regarding business activities that compete with those of the Competitor, the Members related to that Competitor shall not take part in that meeting and will not be provided with the minutes thereof. The removal or replacement of the Chairman and Chief Executive Officer and the disposal of a subsidiary or business asset that individually or collectively represents, over any 12-month period, sales of over (i) €50 million for subsidiaries or business assets operating in the publishing business, (ii) €100 million for subsidiaries or business assets operating in the travel retail business or (iii) €10 million for subsidiaries or business assets operating in the media business (radio and written press), do not constitute sensitive matters.

C/ Participation in discussions

Members Related to a Competitor shall refrain from any voting or deliberations that could influence the Company's strategy and sales policy on the market(s) on which the Competitor which proposed their appointment is present.

As far as necessary, if the Members Related to a Competitor cannot, in application of the above, vote on a decision for which a specified majority of votes of Board members is required in accordance with the Articles of Association or the Board's Rules of Procedure (particularly article 12 of the Articles of Association and article 3 of the Rules of Procedure), their uncast votes shall not be discounted and will be considered as votes against.

d/ Duty of confidentiality

Members Related to a Competitor agree not to disclose to any Competitor, or to any person or entity related to that Competitor, any Sensitive Information with regard to the Competitor which proposed their appointment that they may have received upstream, in connection with or following meetings of the Company's Board of Directors.

They also agree not to disclose to any direct competitor of the Lagardère group any information received about the market(s) on which the Competitor which proposed their appointment operates, irrespective of whether or not that information is considered Sensitive Information.

Similarly, Members Related to a Competitor agree not to disclose to the Company's Board of Directors any Sensitive Information regarding the Competitor which proposed their appointment that may have come to their attention owing to their relations with the Competitor.

3.1.3. Restrictions applicable to Members Related to a Competitor within the Board Committees

Members Related to a Competitor may not hold any office within the Committees set up by the Board of Directors.

3.2. Duties of Independent Members

a/ Definition of independent

The independent status of a member of the Board of Directors with regard to a Competitor of the Lagardère group is determined by the Appointments, Remuneration and CSR Committee based on the criteria set out in the applicable Afep-Medef Corporate Governance Code.

Independent Members shall promptly disclose any factors that may compromise their independence with regard to the Competitor which proposed their appointment. Pending determination of their independent status by the Appointments, Remuneration and CSR Committee, they undertake to respect the measures applicable to Members Related to a Competitor defined in section 3.1. above.

b/ Exemption concerning certain Ring-fencing measures

Owing to their independence with regard to the Competitor which proposed their appointment, Independent Members are exempt from the restrictions and obligations set out in sections 3.1.2 a), b) and c) and in section 3.1.3. above. Accordingly, they may:

- *access all of the information disclosed to members of the Board of Directors, including Sensitive Information;*
- *fully participate in all meetings of the Board of Directors;*
- *vote on all issues deliberated by the Board of Directors;*
- *serve as members of all Committees set up by the Company's Board of Directors, with no restrictions.*

Independent Members are bound by the strict duty of confidentiality outlined in section 3.1.2. d) above. They shall refrain from disclosing to any Competitor, and to any person or entity related to that Competitor, any Sensitive Information with regard to the Competitor which proposed their appointment that they received upstream, in connection with or following meetings of the Company's Board of Directors.

They also agree not to disclose to any direct competitor of the Lagardère group any information received about the market(s) on which the Competitor which proposed their appointment operates, irrespective of whether or not that information is considered Sensitive Information.

4. Implementation and supervision of ring-fencing measures

a/ Individual compliance with ring-fencing measures

Each member of the Board of Directors appointed on a proposal of a Competitor agrees prior to his or her appointment to comply with the ring-fencing measures provided for in this Appendix, with a personal written agreement, a template for which will be provided to Board members by the Company.

Where a member of the Board of Directors appointed on the proposal of a Competitor fails to comply with the obligations set out in this Appendix, said member shall be automatically removed from office with immediate effect.

b/ Ring-fencing Delegate

The Secretary of the Board of Directors shall serve as the Ring-fencing Delegate, and will ensure that the provisions set out in this Appendix are duly applied.

The responsibilities of the Ring-fencing Delegate include:

- *removing all Sensitive Information regarding a Competitor from documents provided to members of the Board of Directors, before, during or after Board meetings;*

- *ensuring that all such Sensitive Information with regard to the Competitor which proposed their appointment has been removed from documents provided to Members Related to a Competitor;*
- *ensuring that Members Related to a Competitor respect the requirement to leave a Board meeting when any Sensitive Information begins to be discussed;*
- *ensuring that Members Related to a Competitor do not vote on the matters referred to in article 3.1.2. c) above;*
- *consulting the Appointments, Remuneration and CSR Committee in the event of doubt as to the independence with regard to a Competitor of an Independent Member appointed on the proposal of a Competitor, and providing it with all useful information for this purpose.*

All members of the Board of Directors may request that the Ring-fencing Delegate disclose to an independent third party bound by a duty of confidentiality any information he or she has removed so that the independent third party can ensure that the information removed is not excessive, but appropriate to ensure compliance with French competition law.

The Ring-fencing Delegate also answers any questions that the Company's senior executives, directors or employees may have about the implementation of the measures provided for in this Appendix.

In the event that one or more Board members fails to comply with the ring-fencing measures, the Ring-fencing Delegate shall promptly inform the Chairman and Chief Executive Officer of the Company so that the appropriate steps are taken.

3 RISK FACTORS AND CONTROL SYSTEM

3.1 RISK FACTORS

In accordance with the requirements of Regulation (EU) 2017/1129 ("Prospectus 3"), the description in this section is limited to specific and material risks at the Group level.

A qualitative assessment of criticality (net of risk control measures deployed by the Group) is presented for all risks. The most significant risk within each category is presented first.

Additional information on certain risks is available, in particular Group litigation and financial risks (see section 5.3, note 34 and section 5.3, note 29, respectively, to the consolidated financial statements).

3.1.1 RISKS ASSOCIATED WITH THE GROUP'S BUSINESS ACTIVITY

3.1.1.1 Pandemic (Covid-19)

Description

Since 2020, the Covid-19 pandemic has had a major impact on Lagardère Travel Retail's business. Like the transport and tourist industry as a whole, Lagardère Travel Retail was particularly hard hit by the slump in global air traffic (down by around 60% worldwide in 2020, and by 56% in 2021 versus 2019). Trading was mixed in 2021, with China posting further growth and the US recovering, but business in most other regions still largely affected. Revenue for the division, which amounted to €4,264 million in 2019, was €1,720 million in 2020 and €2,290 million in 2021.

The outlook for Lagardère Travel Retail in 2022 primarily depends on the recovery in air traffic, which should be correlated to the pace of vaccination.

Among the Group's other businesses, Lagardère Publishing's business model has proven extremely resilient during the pandemic, as detailed in chapter 1.4.1. For Lagardère News, 2021 was shaped by a recovery in all of its businesses in France except for the Radio unit, which edged back by 4% due to lower audience figures resulting largely from the expansion of home working.

In view of the above, risk remains high for the Lagardère group, mainly in relation to Lagardère Travel Retail.

Covid-19 has also indirectly impacted the Group, as described later in this chapter. The associated risks relate to changes in consumer behaviour, the Group's financing and counterparty solvency.

Risk management procedures

In the unprecedented context of the Covid-19 pandemic, in 2020, the Group rapidly implemented a comprehensive action plan to address the crisis swiftly and minimise its adverse impacts. Some of these measures were kept in place in 2021, particularly those designed to protect the health of employees, customers and partners.

The Group has strengthened its cash position, as detailed in section 3.1.2.5 of this chapter.

Lagardère Travel Retail maintained its plan to preserve earnings and cash, thereby limiting the negative impact of the decline in revenue on operating profit to 11.8%. The measures undertaken consisted mainly of:

- renegotiating the contractual terms of concessions;
- reopening stores on a selective basis, with adjusted opening hours agreed with concession grantors depending on the pace of recovery in passenger traffic;
- ensuring a balance between the introduction of furlough schemes where this was funded by local authorities, and the redeployment of staff to the shop floor or local head offices to underpin the recovery.

In parallel, the Group also improved its financial reporting materially, in order to closely monitor the impacts of Covid-19 (notably frequent sales reviews by Lagardère Travel Retail, etc.) and its divisions took decisive measures to reduce overheads, adjust investment spending, etc.

3.1.1.2 Risks associated with major contracts

Description

Some contracts in the form of concession agreements managed by Lagardère Travel Retail provide for the payment of guaranteed minimum amounts to the concession grantor. This can entail financial commitments for the Group representing hundreds of millions of euros over a number of years.

The profitability of these contracts may be impacted over a prolonged period, for example if the level or quality of passenger traffic or spend per passenger are insufficient to satisfactorily fund the guaranteed minimum amounts due to the concession grantor.

When these concession agreements expire, they are mostly put up for tender by the concession grantor, and there is no guarantee that Lagardère will be awarded the contract again. Several adverse situations may arise, for example the Group may lose the tender to a competitor, or the concession grantor may split the contract into several distinct parts, leading to a reduction in the share of the concession initially awarded.

The Travel Retail segment represented around 45% of Group revenue in 2021 (compared to 59% in 2019), impacted by the Covid-19 pandemic.

These risks may also concern, on a smaller scale, certain contracts that Lagardère Publishing has entered into with authors and rights holders, or for the distribution of third-party publishers.

In light of the above, the Lagardère group considers this risk to be high overall and therefore regularly reviews the value of contracts reported in its financial statements, in accordance with applicable accounting standards.

Risk management procedures

In general, the Group’s presence in different sectors and on various continents helps to diversify risks associated with its business activity.

Lagardère Travel Retail's positioning in three distinct business lines and its presence in 40 countries on five continents helps limit its exposure to the loss of a contract, or to a decline in the profitability of a given activity or market.

In addition, as part of the management of risks related to contracts with a high unit value, the division and the Group carry out a regular review of major contracts in order to monitor any developments and the contracts’ profitability prospects.

Wherever possible, the division applies guaranteed minimum per passenger models and protective contractual clauses in the event of external events that could affect the volume or quality of passenger traffic over a prolonged period.

Similarly, Lagardère Publishing's diversification into several business lines (Trade, Education, Partworks, Distribution) and three major language areas (French, English, Spanish) enables it to limit its dependence on the relationship with a given author or commercial partner.

3.1.1.3 Impact of changing consumption patterns on the Group's business models

The Group is faced with changes in its customers' consumption habits as digital and mobile technologies develop, and this also has a material impact on its commercial positions.

The Group's 2022-2024 strategic plan, presented to the Board of Directors on 24 September 2021, is consistent with the model that was reaffirmed at the time of Lagardère's conversion into a French joint-stock company (*société anonyme*) and based on complementary businesses and enhanced operational performance.

The Group's presence in different sectors and on various continents generally helps to diversify risks associated with its business activity.

The divisions' General Management teams are also putting in place resources (including a market intelligence unit) designed to anticipate, detect and analyse the challenges posed by changes in consumer behaviour, technological developments and digital players in their respective fields.

In light of the above, the Lagardère group considers this risk to be high overall.

Description

Lagardère Publishing

New ways of purchasing and distributing books (paper, e-book, audio books), bypassing traditional bookstore networks, have led to concentration in the book distribution industry. This situation affects the profitability of traditional book sales networks, which could weaken these networks to some extent, despite their strong resilience during the health crisis.

In parallel with greater industry concentration, publishers' margins are also coming under increasing pressure, and can only be protected through regular negotiations by Lagardère Publishing teams with the distributors concerned.

Trends in the education market are sensitive to the pace and scale of curriculum reform, as well as the gradual transfer of content to digital formats. A reduction in the pace of curriculum reform or in State education budgets, especially in France and Spain, could reduce Lagardère Publishing's profitability in this segment, which represented around 6.3% of Group revenue in 2021.

Risk management procedures

Lagardère Publishing

The division is one of the leading global players in its field, which enables it to maintain real bargaining power in dealings with its trading partners, particularly in book distribution.

It is also constantly adapting its offer to changes in the public's expectations, as illustrated in particular by the strong growth in e-book and audiobook sales as a proportion of revenue since 2019, the development of a comprehensive digital educational offer and the diversification into board games.

Description

Lagardère Travel Retail

For Lagardère Travel Retail, online products facilitate price comparisons and the emergence of new commercial offerings outside airports. By intensifying competition, this could adversely impact the Duty Free and Fashion businesses, which represented approximately 15% of Group revenue in 2021.

Furthermore, a significant change in the travel destinations and consumption habits of certain lucrative customer categories could lead to a loss of revenue for Lagardère Travel Retail at certain airports.

Lagardère Travel Retail's business more generally is extremely sensitive to all events affecting regional or global air traffic. Its revenue could also be impacted by an economic crisis that affects leisure or business travel. As described above, the Covid-19 pandemic prompted a slump in passenger traffic from 2020. Besides its economic impact on business, Covid-19 may also cause a prolonged reduction in business travel, as companies develop new ways of remote working and strive to cut their overhead expenses.

Lagardère News

Lagardère News, which accounts for around 4.1% of Group revenues in 2021, is facing very stiff competition from digital media over print media, with an impact on both sales and advertising revenues. Across the French market, for example, paid circulation decreased by 2.9% in 2021, while the written press advertising market declined by 22% over the first nine months of the year, and the radio industry recorded a 5% contraction compared with the first nine months of 2019.

Furthermore, Europe 1's audience has been penalised by the recent increase in working from home. Rallying Europe 1's audience numbers is important for the Group, since the station's revenues are directly correlated to its audience figures.

Risk management procedures

Lagardère Travel Retail

The division constantly reviews its product range to adapt to the demands of concession grantors and end customers. It is also studying the possibilities of digitising its sales, as it has done for example in China since the onset of the Covid-19 pandemic, or by joining forces with a major e-commerce player (JD.com) within its subsidiary Lagardère Travel Retail Asia. This deal, which was completed on 30 September 2021, is part of a strategic alliance that will ramp up Lagardère Travel Retail's development in Asia, particularly through digital distribution channels.

Lagardère News

Lagardère News has begun the digital transformation of its *Le Journal du Dimanche* and *Paris Match* press titles. The aim is to offset the decline in print circulation by strengthening paid online circulation, albeit with a different balance for each publication.

Digital radio accounted for 17% of the market by 2021. Lagardère News develops digital formats for its radio stations, and broadcasts them on its own channels and on external platforms.

Lastly, Lagardère News' Advertising Sales Brokerage business has a special digital sales team.

3.1.1.4 Risks associated with strategy implementation

Description

The Group regularly carries out acquisitions and enters into partnerships in its Publishing and Travel Retail businesses. Several major acquisitions have been carried out in recent years, including Hojeij Branded Foods (HBF), acquired for USD 330 million in 2018, International Duty Free (IDF), acquired for €250 million in 2019, and Workman Publishing acquired for USD 240 million in 2021.

The success of these acquisitions depends on the Group's ability to identify attractive opportunities, effectively negotiate and smoothly integrate any new businesses into its portfolio. Failure to do so could have a negative impact on the return on investment and ultimately on the Group's net worth.

The Lagardère group considers this risk to be low overall.

Risk management procedures

Any significant transaction to which the Group commits is subject to a rigorous process governed by the Group's commitment procedure.

Each proposed transaction is analysed in depth by the teams of the division in question and reviewed by the Group Financial Committee under the aegis of the Group Finance Department.

The Financial Committee issues an opinion to Group General Management, after assessing the benefits of the proposed transaction for the Group and division concerned, verifying that the risks generated by the transaction are known and can be managed, and validating the underlying assumptions used to analyse profitability, based on the methodology and criteria defined by the Group's Finance Department.

Post-acquisition performance reviews are also regularly carried out by the Group Finance Department and presented to the Audit Committee.

3.1.2 OPERATIONAL RISKS

3.1.2.1 Business continuity risk

Description

One-off events can disrupt the effective operation of the Group’s businesses, by rendering certain strategic systems and sites temporarily unavailable. As the causes of such events can be very varied, only high-impact incidents are described here.

Information systems failure

Information systems are of critical importance to all of the Group's activities, and have been made even more so with the recent development of remote working. However, systems are increasingly complex and interdependent, and become obsolete much more quickly. As a result, the Group's operations are increasingly exposed to the risk of a major malfunction affecting its systems, networks and IT partners.

Destruction or unavailability of a major site

This scenario includes, for example, the prolonged unavailability of Lagardère Publishing or Lagardère Travel Retail warehouses, of cash registers in a number of shops, or of radio studios. There are many possible causes, such as fire, sabotage, terrorist attacks, strikes, and so on.

In light of the above, and excluding the impacts of the Covid-19 pandemic discussed elsewhere in this section, the Lagardère group considers this risk to be medium.

Risk management procedures

The responses to this risk are specific to the different scenarios envisaged, and include operational contingency plans allowing non-optimal modes of operation as well as a crisis communication procedure.

The financial impact of such events can also be reduced, for example by:

- ► implementing measures to reduce the operating costs of the affected operating entities for the duration of the crisis;
- ► claiming against the Group's insurance policies.

Sites and information systems are also subject to ambitious investment plans managed by the Group's divisions. After setting up a new, modern distribution centre for its subsidiaries in the United Kingdom, Lagardère Publishing has undertaken major projects in France to upgrade its distribution centre and IT management tools.

Nevertheless, the Group cannot protect itself against all possible scenarios, or guarantee that it would be able to neutralise the impact of any operating incidents that may affect it.

3.1.2.2 Risks associated with business ethics

Description

The Lagardère group does business in many different countries subject to anti-corruption regulations, as well as regulations in terms of international economic sanctions and anti-competitive behaviour. There is growing pressure from the relevant supervisory authorities as to how these regulations are applied, and heavy sanctions have been imposed on businesses.

Despite the Group's efforts to comply with these regulations, breaches could lead to substantial penalties, a deterioration in the Group's image, the conviction of its senior executives, the termination of certain contracts and even a forced exit from certain markets, or a deterioration in the Group's relationships with its banking partners.

Corruption risk is higher for certain businesses, particularly those which involve contracts signed by public officials or calls for tenders. This is notably the case with airport concessions operated by Lagardère Travel Retail, or with Education for Lagardère Publishing.

These activities face challenges in terms of competition law. The Group could, for example, be (justly or unjustly) accused of having been awarded a contract due to anti-competitive behaviour (e.g., alleged cartels or contracts restricting competition on its market), potentially leading the scope of the contract in question to be revised. Several disputes described in note 34 to the consolidated financial statements involve alleged anti-competitive behaviour.

Some activities are particularly exposed to the threat of international economic sanctions[1] with regard to the countries concerned, for instance, Lagardère Travel Retail store supplies and licensing agreements (Elle brand).

In light of the above, the Lagardère group considers this risk to be medium.

Risk management procedures

The Lagardère group attaches the utmost importance to maintaining business ethics in all its activities and regions.

Within the Risk, Compliance and Internal Control Department, the Group Compliance function is tasked with devising and running programmes common to all businesses and aimed at identifying, preventing and handling certain business ethics-related risks.

- The Group has a zero-tolerance policy in respect of corruption. It has an anti-corruption programme aimed at ensuring compliance with the regulations in force in the countries in which it does business, especially the Sapin II law in France. This programme includes a whistleblowing line that can be used by anyone on its institutional website.
- Having operations on five continents, the Group closely monitors international economic sanctions and takes steps to comply with any applicable sanctions. This includes conducting project feasibility studies and running checks on a certain number of potential partners.

The programmes are implemented on the ground by each division's Compliance teams through the international Compliance Correspondent network. They are supported by employee training on the associated issues.

The Legal Department has suitable expertise to ensure compliance with competition law and reviews major Group projects as part of the commitment procedure. It also provides day-to-day support for the operating staff concerned and rolls out initiatives to raise their awareness of the issues at stake.

[1] Governments and international bodies (e.g., the UN) can adopt restrictive financial or commercial measures against individuals or legal entities. These measures take the form of bans or restrictions on the trade of specific goods, technologies or services with certain countries, frozen funds and financial resources, and sometimes restricted access to financial services.

3.1.2.3 Risk associated with products distributed

Description

Within the scope of Lagardère Travel Retail’s Foodservice and Travel Essentials business lines, the Group could be faced with an incident involving the quality of its food products. In such a situation, it could be declared liable, which would impact its reputation with concession grantors and the brands concerned. This risk generally increases with the development of Lagardère Travel Retail's activities in this sector. The Foodservice business generated around 8% of total Group revenue in 2020.

To a lesser extent, this risk also covers physical products delivered with books and partworks sold by Lagardère Publishing subsidiaries (accessories, games, etc.), where failure to comply with applicable standards and regulations may cause harm to consumers and to the image of Lagardère Publishing.

In light of the above, the Lagardère group considers this risk to be medium.

Risk management procedures

The Lagardère Travel Retail division implements a series of measures to ensure compliance with the regulations and professional standards that apply in the countries where its Foodservice business operates. These measures are subject to centralised supervision by the Foodservice business line and are supplemented by regular external audits organised at the points of sale.

Similarly, the Lagardère Publishing division ensures that the products it distributes comply with applicable local standards by entering into agreements with its suppliers, raising employee awareness of the applicable procedures, and through internal audit reviews.

3.1.2.4 Risks associated with data security

Description

The Group's information systems contain confidential data related to how its businesses are run, notably details of major contracts (see above). They also contain personal data on Group employees and third parties, including for example magazine and partworks subscribers, the travelling public (duty free) and website visitors (media, education). In the event of challenges to the confidentiality, integrity or availability of this data, the Group could be exposed to various risks in terms of image, loss of revenue, third-party disputes and fines.

These challenges are growing as systems become ever more complex, due to the rapid expansion of working from home and increasing prevalence of computer hacking, and more stringent regulatory requirements, in particular, the General Data Protection Regulation (GDPR) which entered into force on 25 May 2018.

In light of the above, the Lagardère group considers this risk to be medium.

Risk management procedures

The Group's Cybersecurity Department updates and distributes an information system security policy to Group entities based on ISO 27001 requirements, along with tools and documents to raise awareness of cybersecurity issues and thereby ensure better protection of information systems and the data they contain.

The Department regularly conducts self-assessment surveys focusing on the security of IT systems and networks in the operating entities. Recommendations based on the results of these surveys are issued to the entities with the aim of better preserving data confidentiality, protecting information systems against intrusion and minimising the risk of system breakdown.

The Group's Data Protection Officer has also implemented a personal data protection programme to ensure that the Group's activities are compliant with the GDPR.

3.1.2.5 Financial risks

Liquidity risk

Description

The Covid-19 pandemic severely impacted the Group's business, automatically reducing its cash inflows compared to 2019. The Group's operations generated €456 million of free cash flow in 2021, versus €294 million in 2019. Consolidated net debt increased to €1,535 million at 31 December 2021 from €1,461 million at 31 December 2019. It should be noted that the Group is not rated by a financial ratings agency. The Group's challenge going forward is to maintain its sources of financing despite the uncertainty arising from the pandemic. The Group considers the level of risk to be moderate, albeit lower than in the previous year for the reasons explained opposite.

Risk management procedures

The Group consolidated its cash in 2021, reducing its external financing requirements. It also restructured and secured its medium-term financing sources in 2021, notably by issuing a €500 million, six-year bond in October.

The bond issue proves that the Group retains satisfactory access to the market, facilitated in particular by an increase in business volumes and liquidity in 2021 compared to 2020.

Credit and counterparty risks

Description

Credit and counterparty risks arise on trade receivables and cash investments. By weakening the financial position of some of the Group's partners, the Covid-19 pandemic has triggered a rise in counterparty risk. However, this risk remains medium.

Risk management procedures

Credit and counterparty risks are monitored by the subsidiaries concerned, which take the necessary measures to manage the risks. The Group did not identify a significant escalation in its counterparties' rate of default in 2021.

Interest rate risk

Description

Interest rate risk arises on the Group's position as a net borrower with regard to banks and the market. In the context of the pandemic, banks introduced stricter lending conditions in terms of margins applied: interest rate risk is considered a medium risk.

Risk management procedures

More than 75% of the Group's gross debt in euros is at fixed rates, thereby reducing the risk of a significant increase in interest rates in 2022.

Exchange rate risk

Description

A portion of the Group's equity (around one-third) is denominated in pounds sterling owing to the historic earnings derived from its businesses in the United Kingdom. This results in an asset value exchange risk against the euro, which is not hedged by the Group. This is considered low risk.

All of the aforementioned risks are described in further detail in note 29, chapter 5 of the Universal Registration Document.

Risk management procedures

The Group does not hedge its asset value exchange risk against the euro.

3.1.2.6 Potential impacts related to climate change

Physical risk

Description

Lagardère Travel Retail's business relies on the effective operation of airports, railway stations and other means of transport. All weather-related events that could restrict or even interrupt passenger traffic in the Group's stores over a prolonged period could affect its revenue.

Risk management procedures

The measures taken to manage this risk are essentially the same as those for business continuity risk.

Transition risk

Description

Over the longer term, climate change may have a material impact on the Group's business, notably affecting:

- the availability and price of certain raw materials used in the products sold by the Group (e.g., paper for books, food products for Travel Retail);
- the regulations applicable to the Group, which could change and make certain activities less profitable (e.g., introduction of a carbon tax, or a ban on the sale of certain products).

This risk will be analysed in depth with the help of an independent firm in 2022. At present, the Lagardère group considers this risk to be low overall.

Risk management procedures

The Lagardère group's operating entities ensure that their sources of supply are secure, notably by signing multi-year contracts and diversifying their suppliers (e.g., paper for books). In terms of food products, Lagardère Travel Retail is developing local sources of supply as part of an eco-responsible approach.

The Lagardère group also closely monitors all regulations applicable to its activities in order to be able to identify the impact on its businesses upstream as accurately as possible.

3.2 DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

3.2.1 KEY PLAYERS IN RISK MANAGEMENT AND INTERNAL CONTROL

The roles and responsibilities of the various Group players in risk management and internal control are governed by the internal rules of the Board of Directors and by the Group's Risk Management Charter.

3.2.1.1 Group organisation

In the Lagardère group's 2021 financial statements, 534 companies are fully consolidated and 26 companies are accounted for by the equity method.

Lagardère SA controls all of the Group's subsidiaries. Corporate governance arrangements are described in more detail in chapter 2.

As at 31 December 2021, operating activities are conducted by legally independent companies grouped together in the following business divisions: Lagardère Publishing and Lagardère Travel Retail. The Group also has media operations which are grouped within the Lagardère News division (Europe 1, *Paris Match*, *Le Journal du Dimanche*, Virgin Radio, RFM and Elle licensing activities), entertainment venues and production activities within Lagardère Live Entertainment, as well as the sports club Lagardère Paris Racing.

Each division has its own organisation and a holding company whose general management is carried out by the head of the division, under the supervision of the Group's General Management.

All the members of these holding companies' governance, management and supervisory bodies are appointed by Lagardère SA through its subsidiary Lagardère Media.

The division's senior executives and their subsidiaries exercise their responsibilities under the control of their governance or supervisory bodies. The Group appoints a majority of representatives to these governing and supervisory bodies.

3.2.1.2 Board of Directors and Audit Committee

The role and powers of the Board of Directors are described in chapter 2. In the area of internal control and risk management, the Board ensures that the measures deployed by the Group are effective. To this end, it is assisted by the Audit Committee, whose members it appoints and whose tasks include:

- monitoring financial reporting processes;
- ensuring that the accounting policies and principles adopted are pertinent for the preparation of the financial statements;
- monitoring the effectiveness of internal control and risk management systems and internal audit as regards accounting and financial reporting procedures;
- ensuring that the Company has reliable internal control procedures, particularly with respect to risk exposure.

3.2.1.3 General Management and Executive Committee

General Management draws up the Group's strategy, and leads its development and oversight. It takes the major management decisions required for this and ensure those decisions are implemented both at the level of the parent company and in the various divisions.

In this capacity, it is responsible for defining, implementing and monitoring the Group's internal control and risk management systems. In the event of failure of these systems, it ensures that the necessary corrective actions are taken.

In performing its duties, General Management is assisted by the Executive Committee, the composition of which is described in chapter 2.4.1.

3.2.1.4 Corporate departments

Within the Group's holding company, the Corporate Departments are notably responsible for:

- discharging the management duties of a listed entity's holding company;
- organising and supervising the preparation of financial information required for the Group's management and for regulatory publications;
- establishing risk management, compliance and internal control programmes for the entire Group to strengthen control of its operations;
- making divisions aware of certain regulatory issues and offering them relevant technical and methodological support.

All Corporate Departments report to a member of the Executive Committee, which guarantees their independence. They provide regular reports to General Management and the Audit Committee on the preparation of financial information, risk management and internal control.

3.2.1.5 Division holding companies

These companies coordinate risk management and internal control within each division, by:

- establishing a consolidated view of the division's risks, based on Group methodology;
- overseeing the deployment of the Group's systems and programmes throughout the division.

They also oversee the preparation of financial information within each division.

The division holding companies provide regular reports on these various measures to Lagardère SA.

3.2.1.6 Operating entities

Operating entities manage the risks associated with their activities. This involves identifying and classifying those risks and putting in place the necessary measures to manage the risks in compliance with the Group's strategic and financial objectives.

The operating entities roll out the Group's compliance and internal control systems and programmes, adapting them where necessary, under the aegis of their division holding company.

3.2.1.7 Information and communication

The persons concerned by decisions of General Management are informed by all available means, particularly internal memos and announcements.

All of the Group's announcements and the principal rules applicable are available on the Group's intranet portal, as well as on the corporate website at www.lagardere.com.

Applications and collaborative software packages are also available through the Group's intranet portal, so that information can be appropriately communicated to the people involved.

3.2.2 RISK MANAGEMENT

Like all companies, Lagardère is exposed to a variety of risks in the course of its business activities. Section 3.1 of this Universal Registration Document describes the Group's main risk factors and how they are managed.

3.2.2.1 Basic principles

The Group accepts exposure to a controlled level of business risk in the course of its business activities.

Risk management procedures are therefore designed to provide reasonable assurance that the level of risk taken by the Group is not likely to compromise the results expected by General Management.

However, given the limitations inherent to addressing contingencies, these procedures cannot guarantee that all the risks the Group may encounter in the future have been correctly analysed or even identified.

3.2.2.2 Organisation and definition of responsibilities

As a rule, risk management is an integral part of the Group's management procedures.

In compliance with the Group's general organisational structure, the operational and functional managers remain in charge of the risks related to their respective fields of activity.

The holding company provides general risk supervision, in particular for risks that can only be assessed at Group level or that require specific management by central teams.

3.2.2.3 Risk identification and analysis process

Within the Group's holding company, the Risk, Compliance and Internal Control Department is tasked with drafting and managing the risk management policy. Working closely with the other Corporate Departments and the divisions, the Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks. It is responsible for mapping the Group's risks.

Other measures help identify the Group's risks, in particular:

- subject-specific risk maps, namely maps of anti-corruption or climate risks (2022 project);
- internal audits;
- tests to assess the security of IT systems and networks;
- review and regular renegotiation of insurance programmes;
- financial reporting, particularly impairment tests and monitoring of off-balance sheet commitments;
- legal reporting to the Group's divisions;
- risk intelligence activities by the various Corporate Departments and divisions.

3.2.3 INSURANCE ADMINISTRATION

The financial consequences of certain risks can be covered by insurance policies when this is justified by their scale and provided insurance coverage is available at acceptable conditions.

Within the Group Funding, Treasury and Investor Relations Department, the Insurance Department is in charge of overseeing the use of insurance in the Group and plays a coordination and advisory role in this respect.

3.2.3.1 Insurance policies subscribed

The major insurance policies cover property damage and, in some cases, business interruption, liability and cyber risks. Depending on the type of risk, coverage consists of permanent or temporary policies.

The Group generally seeks to insure all assets for their estimated value, and business interruptions for their estimated cost, in keeping with the relevant best practices.

In 2021, Lagardère and its divisions were able to renew insurance coverage in 2022 for their activities throughout the world.

The Group selects its insurers carefully and regularly reviews their creditworthiness.

However, given the diversity of situations in all the divisions and local specificities of the insurance market, it cannot be considered that the Group will be covered by insurance in all circumstances, nor that existing insurance coverage will always be effective.

3.2.3.2 Coverage level

Many insurance policies are subscribed at the level of the divisions and their sites. Given the wide diversity of situations, it is not possible to give full details of all the coverage limits.

3.2.3.3 Insurance for property damage and business interruption

- Risks covered

Insurance policies notably cover the risks of fire/explosion, lightning, water damage or storms, natural disasters, and terrorism. When specific national legislation applies to these risks, the coverage is implemented in compliance with the laws in force in each country concerned.

- Limits of coverage

As a general rule, insurance for property damage is subscribed for the replacement value of the property and, where applicable, business interruption is subscribed for the gross margin. In some cases, these amounts may include limits agreed with the insurer.

For 2022, the highest insurance coverage limit subscribed by the Group is €400 million for certain Lagardère Publishing facilities. Lower limits of coverage for certain risks may also apply within these overall limits (e.g., for storms, earthquakes or flooding).

3.2.3.4 Liability insurance

- Risks covered

Liability insurance policies, depending on the nature of the business and local regulations, include coverage for public, product and professional liability in the event of bodily injury, material damage or consequential loss caused to third parties.

- Limits of coverage

Regarding liability, maximum exposure is difficult to assess, and the level of insurance for the divisions and their sites depends on the availability of coverage and an acceptable economic cost.

For 2022, excluding the United States, Canada and countries under an international embargo, the highest amount of coverage subscribed stands at €50 million, while in the United States the highest limit is around €65 million.

Sub-limits specific to certain types of insurance coverage may also apply within these overall limits.

3.2.3.5 Cyber risk insurance

- Risks covered

Cyber insurance covers the consequences of either a breach of data held or managed, or damage to information systems. It offers damage coverage that includes research, resolution and notification costs. It also offers liability coverage including losses caused to third parties.

- Limits of coverage

For 2022, the highest insurance coverage limit subscribed by the Group is €10 million.

Sub-limits specific to certain types of insurance coverage may also apply.

3.2.3.6 Premiums

In 2022, the overall budget for the main permanent insurance policies subscribed by the Group was estimated at 0.19% of sales (excluding collective insurance).

3.2.4 INTERNAL CONTROL

3.2.4.1 Internal control benchmark

The Group applies the Reference Framework recommended by the French financial markets authority (*Autorité des marchés financiers* – AMF) to oversee its internal control and risk management. In this respect, Lagardère SA has adopted internal control procedures aimed at ensuring:

- compliance with applicable laws and regulations;
- application of the instructions and orientations defined by General Management;
- proper operation of the Group's internal processes, particularly regarding safeguarding its assets;
- reliability of financial information.

These procedures are applicable to the Group's fully consolidated subsidiaries.

Equity-accounted companies over which Lagardère SA only exercises significant influence are not covered by the Group's internal control system, although the Group may have specific rights related to its status as a reference shareholder.

Companies that have recently entered the scope of the Group's internal control system must progressively adapt their own internal control procedures for harmonisation with the Group's system.

Naturally, the effectiveness of the internal control procedures is subject to the limitations inherent to any organisational system.

3.2.4.2 Applicable laws and standards

The Lagardère group has drawn up several charters, codes and policies to govern its activities in terms of risk management, internal control and financial reporting. The Group adapts this documentation in accordance with legislative or regulatory requirements which set out the framework for new obligations applicable to

French companies. The main elements are outlined here.

The Risk Management Charter describes the Group's objectives in this area, as well as the roles and responsibilities of the various Group players. It also lists the cross-functional programmes applicable to the entire Group and supervised by the Corporate Departments.

The self-assessment internal control questionnaire provides the entire Group with a set of key points on the various components of internal control.

The Group has also adopted a policy to improve the prevention, detection and processing of cases of fraud.

The Information System Security Policy sets out best practices and the resources to be mobilised to protect information systems throughout the Group, including the technical protection of personal data.

A series of policies detail the Group's Compliance programmes in the areas of anti-corruption, international economic sanctions and personal data protection.

The Lagardère group Code of Ethics transcribes Lagardère's values in a collection of guidelines, which provide a set of shared ethical standards for all Lagardère employees.

The production of financial and accounting information is also governed by standards and guidelines. These standards and guidelines define the common principles applicable to preparing the consolidated financial statements, monitoring budgets and the Group's financial reporting process.

Among them, the Lagardère Group Reporting Manual includes guidelines for consolidation procedures, and a set of definitions of the main indicators used in the consolidated reporting package.

Other key documents are drawn up as part of the preparation of the consolidated financial statements, mainly supporting changes in accounting standards or in the application of accounting standards.

Where necessary, these various charters and principles can be adapted to the specificities of the Group's divisions. The divisions implement the associated internal control system in accordance with the Group's principles, while taking into account the organisation, business lines, scale, geographical location and regulatory constraints of their operating entities.

3.2.5 PERMANENT MONITORING OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Lagardère group continuously works to strengthen its internal control and risk management frameworks. To this end, a Risk Management and Internal Control Committee, whose members include the Group's General Management, the Chairman of the division concerned and the persons in the division and in the Group responsible for risk management and internal control, meets twice a year and is tasked with monitoring the effectiveness of risk management and internal control with each division.

3.2.5.1 Permanent monitoring of the risk management system

The Risk, Compliance and Internal Control Department develops and manages the Lagardère group's risk management policy. As part of its work, it is responsible for preparing a report summarising the Group's risks, monitoring and alerting General Management and the divisions, and analysing the Group's cross-business risks.

The Department is responsible for divisional risk mapping, by defining a shared methodology, and monitors the main risks identified and puts in place related control measures.

In order to fulfil its duties, the Risk, Compliance and Internal Control Department collaborates with the Corporate Departments and a network of correspondents within the divisions, particularly their Chief Financial Officers.

The Department draws up a formal report on its duties, which it presents annually to the Group's General Management and Audit Committee.

3.2.5.2 Permanent monitoring of the internal control system

The Risk, Compliance and Internal Control Department manages the Group's internal control system. The department has a correspondent in each division – the Internal Control Manager – who is responsible for coordinating the internal control system. The Internal Control Managers in each division report directly or indirectly to the division's Chief Financial Officer. This organisation ensures effective monitoring of the internal control system throughout the Group.

An internal self-assessment procedure is implemented each year for internal control within Lagardère SA's main entities/subsidiaries. This procedure draws on dedicated IT tools, is managed by the Internal Control Managers and is consolidated by the Risk, Compliance and Internal Control Department. It helps the continuous improvement process for the control and efficiency of processing within the Lagardère group's entities.

The self-assessment is based on defining a Group reference framework shared with all the divisions. It aims to identify the applicability, efficient implementation and traceability of each of these points of control, and to establish a stronger formal definition of internal control procedures and ensure their adoption by all operational managers. The Internal Control Managers analyse the results of the self-assessment for their respective divisions, and a report is presented to General Management and the Audit Committee for the entire Group. It is included in the scope of audits carried out by the Internal Audit Department.

3.2.5.3 Permanent monitoring of information systems

The Group's Cybersecurity Department, together with the Risk, Compliance and Internal Control Department, carries out regular surveys to self-assess the security of the IT systems and networks, thereby helping to improve their security.

Based on these surveys, the Group Cybersecurity Department makes recommendations to the entities concerned to ensure that the level of security is satisfactory based on the Lagardère group's IT security policy. It also presents the results of an annual review of these recommendations to the senior executives of each division and to General Management.

3.2.5.4 Permanent monitoring of insurance management system

Within the Group Funding, Treasury and Investor Relations Department, the Insurance Department coordinates insurance programmes for Group entities, employees and corporate officers. It also provides its technical expertise to Group entities requesting assistance in managing their own insurance programmes (i.e., taken out in their own name). Certain entities also call on the Insurance Department to manage all or part of their insurance programme.

3.2.5.5 Audit of the systems

The Group Audit Department audits the risk management and internal control systems (including internal control related to the preparation of financial information) defined within the Lagardère group. Audits are conducted as part of the annual audit plan or following specific requests from General Management, the Group's Finance Department or from the division's senior executives. The Internal Audit Department's scope of intervention includes all fully-consolidated companies. Equity-accounted companies which are jointly-controlled by the Group may also be audited. The audit plan is established on a multi-annual basis and includes:

- coverage of Group entities on a rotating basis;
- taking into account the needs of Group and division senior executives;
- audits of the risk management and internal control systems that need to be reviewed based on the risk mapping or analyses performed by the Group's Risk, Compliance and Internal Control Department;
- audits of cross-functional themes relevant to the divisions and their subsidiaries;
- audits related to the internal control self-assessment system.

The Internal Audit Department may also conduct consulting or operational assistance assignments on specific projects at the request of General Management or the divisions, assignments involving reviews of operational and financial risks, audits relating to merger/acquisition projects, or *ad hoc* audits with entities facing incidents involving fraud. Audit assignments are conducted following a standard process, particularly involving monitoring by the Department of the action plans resulting from its audits.

The missions of the Internal Audit Department, its powers and responsibilities are set out in an internal audit charter. The Internal Audit Department presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions and details of their application, as well as business indicators that make it possible to assess the effectiveness of its work.

The Internal Audit Department implements a recruitment policy in order to maintain its technical skills (e.g., computerised audits) and language skills (to be able to work in the languages that are most commonly used within the Group). The Department helps foster the risk management and internal control culture within the Group through its audits, as well as through professional mobility for its employees.

3.2.6 FINANCIAL AND ACCOUNTING INFORMATION

3.2.6.1 Preparation and monitoring of financial reporting

3.2.6.1.A Operation, frequency and timing of reporting

The Lagardère group's financial reporting system is broken down by division, each of which is responsible for the data it reports.

The consolidated financial statements are drawn up at the end of each month (except for January and July), which allows the Group Accounting Department responsible for consolidation to regularly review the financial information reported by the divisions.

The financial information collected and consolidated using the Lagardère group's reporting system must comply with legal requirements and satisfy the Group's own control and management needs. This information includes an income statement by activity and by function as well as management indicators specific to each business type.

The overall reporting cycle is based on common principles and uses a database and consolidation system that are shared by all teams in the finance departments in charge of financial data reporting, whether it is for management reporting or intended for publication.

This unified organisation of the cycle relies on the finance departments of each division, and the Group Finance Department. Under the supervision of the latter, the reporting system is designed to meet management control needs and also to guarantee the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems, the business activities covered and the consolidation methods used.

3.2.6.1.B Preparation of budgets

During the final quarter of the calendar year, the Group's divisions establish their three-year budgets, which are submitted to Lagardère SA for discussion.

These data are integrated into the consolidation systems referred to above, and used in preparing the Group's annual budget and three-year plan.

3.2.6.1.C Monthly Group reports, internal reporting

Each Group company's finance department enters data from its own monthly accounts into the Group's financial database.

For each entity, these data include a balance sheet, an income statement and a statement of cash flows with notes, and the principal key indicators from the income statement.

Careful attention is paid to regular updates to forecast figures such as year-end estimates.

These data are included in a Monthly Group Report established by the Management Control Department and submitted to General Management and Group's principal executives.

3.2.6.1.D Interim and annual consolidated financial statements

Additional information is supplied for the preparation of the interim and annual consolidated financial statements for publication.

Chapter 5 of this Universal Registration Document contains a description of the principles and methods used in preparing the consolidated financial statements. For certain types of information, such as discount rates used in impairment tests, off-balance sheet commitments and the measurement of derivatives, procedures are set out in memos applicable to all Group companies.

3.2.6.2 Main business financial management committees

Lagardère SA organises and chairs various committees to oversee the financial management of the Group.

The Finance Committee reviews major investments, divestments and commitments undertaken by the Group.

Monthly business reviews are conducted to monitor operations in each division.

The Budget Committee reviews on an annual basis the budget for the coming year and the three-year plan.

For each division, the Reporting Committee monitors actual results against budget for the previous month as well as the new budgetary forecasts.

Each month the Cash Flow Reporting Committee analyses cash flows and cash balances for each division, and monitors the bank covenants described in note 29 to the consolidated financial statements (chapter 5 of this Universal Registration Document).

Lastly, the Counterparty Risks Committee regularly analyses these risks, as described in note 29 presented in chapter 5 of this Universal Registration Document.

3.2.6.3 Consolidation system for financial and accounting information

The financial reporting cycle for management and accounting data is based on common principles and on a single information system (the consolidation system) shared by all teams in the finance departments within the Group Corporate Department and divisional Corporate Departments.

The consolidation system includes blocking controls which help prevent incidents and anomalies, and improve the reliability of data entry. Monthly reporting is reviewed by management control teams.

The consolidation system and the system configuration are upgraded and versions changed as necessary, in particular to guarantee data integrity, availability and confidentiality.

3.2.6.4 Other key financial management processes

The Group Funding, Treasury and Investor Relations Department organises financing for the Group's operations and its entities in the "General Financing Policy of the Lagardère group and its subsidiaries".

3.2.6.4.A External financing

As a general rule, only Lagardère SA uses medium- or long-term bank or market financing, and finances the divisions itself. Apart from the financing of normal business operations, the divisions retain responsibility for some previously-negotiated transactions, or specific operations such as securitisation; however, these operations require advance authorisation and are reported to the Group's Finance Department on a regular basis.

3.2.6.4.B Cash management

Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investment. Speculative or high-risk investments are not permitted.

3.2.6.4.C Hedging policy and market risk monitoring

The hedging policy and market risk monitoring is described in note 29 to the consolidated financial statements presented in chapter 5 of this Universal Registration Document.

The Group's Finance Department and the divisions' finance managers regularly adjust the hedging policy and the corresponding control system in light of the resulting priorities.

3.2.6.5 Work of the Statutory Auditors

In accordance with the French Commercial Code, the consolidated financial statements are audited by the joint Statutory Auditors. At the beginning of each year, the Statutory Auditors present the audit approach to be implemented further to the review of the interim financial statements at 30 June.

The Group Finance Department has open, regular and proactive exchanges with the Statutory Auditors throughout the year in order to facilitate their work and review any complex accounting matters in advance.

The Statutory Auditors' findings on its review of the internal controls and the process of preparing financial and accounting information are shared regularly with the finance departments at Group and divisional levels, which follow up on them and put in place any requisite corrective measures.

The Statutory Auditors' report to the Audit Committee, which is also presented to the Group Finance Department, details the way in which the audit engagement is conducted, the type of approach adopted (based on internal control or substantive procedures), as well as the key audit matters. This report places the most sensitive matters subject to estimates in the context of the disclosures in the notes to the consolidated and Company's financial statements.

Lagardère

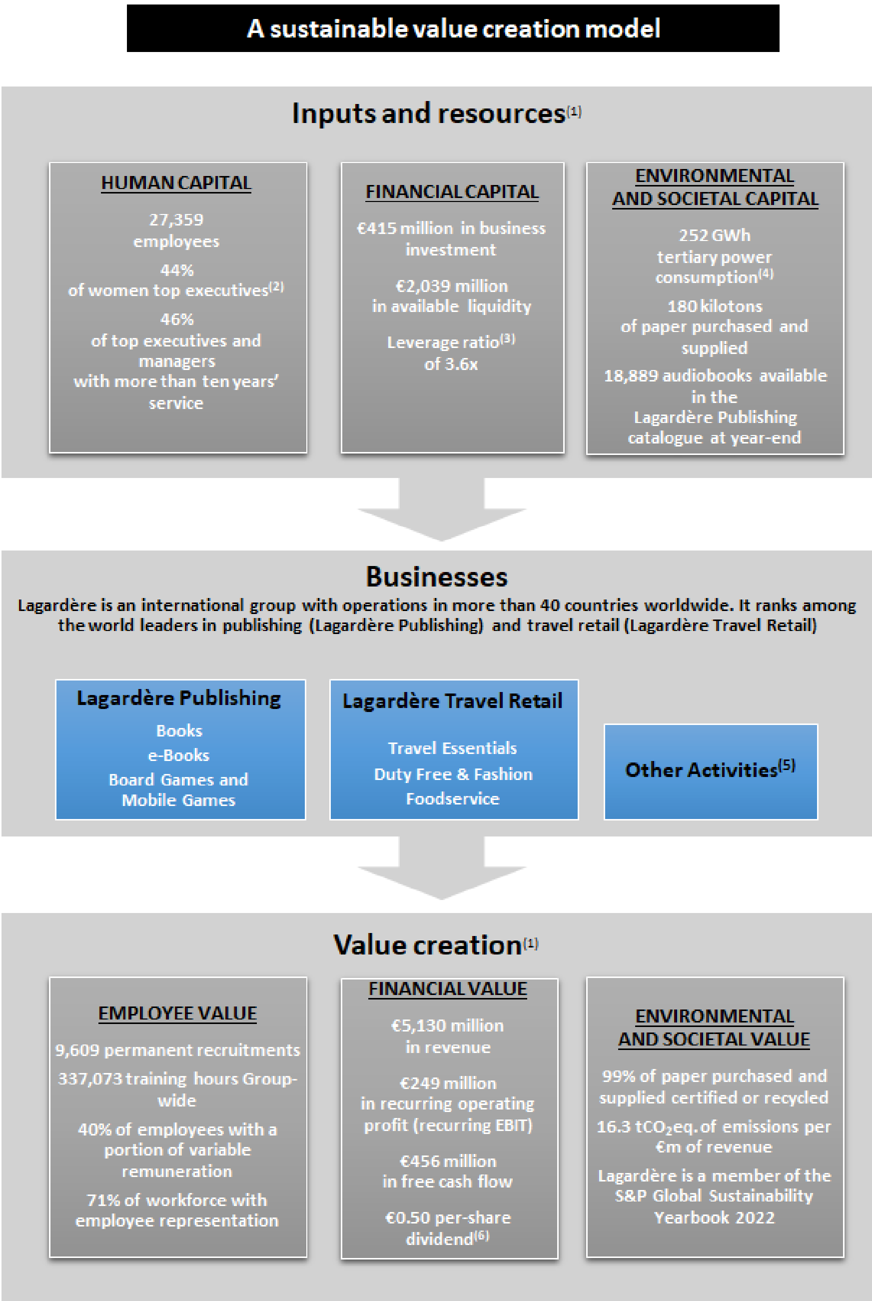
4 NON-FINANCIAL STATEMENT AND DUTY OF CARE PLAN

4.1 LAGARDÈRE GROUP BUSINESS MODEL

Section 1.4 of this Universal Registration Document provides detailed information on the Group's strategy, business lines and model, key figures, markets, and more.

The Lagardère group's overarching objective is to develop the loyalty of its audiences and consumers worldwide through powerful brands that deliver content publishing, production, broadcasting and distribution. The key features of this integrated model of value creation are presented in the chart below.

Business model



(1) Data at 31 December 2021.
(2) Due to the increase in the proportion of women in executive management in recent years (around 550 in total), Lagardère is now focusing its efforts on a smaller number of top executives (around 350 in total), of which the proportion of women is also growing faster than in previous years.
(3) Leverage ratio: net debt/recurring EBITDA.
(4) Oil, gas, electricity and district heating.
(5) Mainly comprising Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence) together with Lagardère Live Entertainment (production of concerts and shows and venue management).
(6) Dividend subject to shareholder approval at the Annual General Meeting to be held on 22 April 2022.

Workforce by geographic area at 31 December 2021

FRANCE

Lagardère Publishing	2,521
Lagardère Travel Retail	3,761
Other Activities	1,103
Total	**7,385**

EUROPE (EXCLUDING FRANCE)

Lagardère Publishing	2,561
Lagardère Travel Retail	5,730
Total	**8,291**

AMERICAS

Lagardère Publishing	1,613
Lagardère Travel Retail	7,150
Total	**8,763**

ASIA-PACIFIC

Lagardère Publishing	150
Lagardère Travel Retail	2,597
Total	**2,747**

AFRICA

Lagardère Publishing	74
Lagardère Travel Retail	99
Total	**173**

4.2 CSR – KEY PRIORITIES, STAKEHOLDERS AND GOVERNANCE

Create purpose. Foster personal fulfilment at work. Combine professional excellence with respect for the planet. Anticipate the needs of a changing society. These challenges are reflected in the Lagardère group's CSR commitments, without compromising on three internal objectives: comply with increasingly stringent regulatory requirements, make responsibility an integral part of the development strategy and maintain strong stakeholder relations.

4.2.1 CSR POLICY OBJECTIVES

4.2.1.1 Complying with increasingly stringent regulatory requirements

The CSR reference framework applies internationally.

In France, non-financial disclosure requirements have become more stringent over the years. This section represents the Group's non-financial statement, to be published pursuant to articles L. 225-102-1 and R. 225-105 of the French Commercial Code. It also contains the duty of care plan, which is obligatory for parent companies and contracting entities (see section 4.7), as well as Regulation (EU) 2020/852 of the European Parliament, known as the Taxonomy Regulation (see section 4.8).

Internationally, Lagardère applies a number of core CSR documents and principles, such as the International Bill of Human Rights, the ILO's Fundamental Principles[1], the OECD Guidelines for Multinational Enterprises, and the Guiding Principles on Business and Human Rights.

The Lagardère group draws on other guidelines in carrying out its business activities, including ISO 26000, Unesco's Convention on the Protection

[1] International Labour Organization.

and Promotion of the Diversity of Cultural Expressions and Unicef's Implementation Handbook for the Convention on the Rights of the Child.

Furthermore, the UN's Sustainable Development Goals (SDGs[1]) – formulated in 2015 and setting out the societal priorities for building a more sustainable society – have become the reference for CSR best practice. Accordingly, the Group endeavours to build a strategy consistent with those goals that are most relevant to its businesses. Broken out into 17 global development goals on wide-ranging topics including gender equality, climate action, quality education and innovation, the SDGs cover all of the core sustainability priorities for the period through to 2030. They set out a clear framework of standards and shared language for all stakeholders, ensuring synergy and consistency in actions and initiatives at all levels.

As in previous years, Arnaud Lagardère, Chairman and Chief Executive Officer of Lagardère SA, is renewing his commitment to the principles of the Global Compact, to which the Group has adhered since 2003.

[1] Sustainable Development Goals

With operations on every continent, the Lagardère group is one of the world's leading publishing and travel retail businesses. As an international Group, we need to be rigorous and exemplary in promoting rights and principles that are universally recognised and adopted to ensure that globalisation is respectful of humankind and the environment. This international commitment is expressed through the Group's membership of the United Nations Global Compact, which we joined in 2003, and which encourages businesses to operate responsibly.

To reaffirm our commitment, each year we report on the progress made by our Group in the ten principles.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

FIGHTING CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Arnaud Lagardère

Chairman and Chief Executive Officer of Lagardère SA

4.2.1.2 Adapting CSR to Group strategy and development

The Lagardère group applies its CSR policy in its various businesses. Its roadmap reflects:

- changes in the Group's activities. The development of activities offering growth potential, as well as changes in the business models of the more historical activities, to the extent that innovation is an essential component that affects the social, environmental and societal impacts of the Group's activities;

- the Group's increasingly international footprint. The international expansion of the Lagardère group's activities, entry into new emerging markets and the objective of ensuring that growth becomes less centred on France are also factors to bear in mind since they alter the contours of the Group's CSR strategy (inclusion of issues with an international reach, impacts on local communities, promotion of cultural diversity, etc.).

4.2.1.3 Strengthening stakeholder relations

Authors and other artists, readers and listeners, employees and suppliers, concession granters and the travelling public, customers and investors, consumers and shareholders: Lagardère's various stakeholders – internal, external, public and industry – are mapped out in the chart below. The Group maintains regular and constructive dialogue with its stakeholders at local and national level in each of the countries where it operates. Dialogue takes varying forms depending on the stakeholder, at Group level and within each entity. The information provided below refers to dialogue largely structured at Group level.

A) EMPLOYEES AND REPRESENTATIVE BODIES

The Group recognises the importance of social dialogue at various levels (sites, entities, subsidiaries, Group) for regular discussion of the operational and/or strategic decisions that best reconcile the company's responsibilities to its employees with its economic interests.

Depending on local regulations and cultures, social dialogue is carried out with independent partners serving as employees' legitimate representatives. Occupational health and safety issues, working conditions and organisational changes impacting the professional environment are among the main topics dealt with.

At Group level, two committees have been formed to address strategic priorities and the overall management of operations in France and internationally: the European Works Committee, set up in January 2003, and the Group Employees' Committee, set up in January 2002. Both bodies have regular exchanges with Management about the Group's activities and the changes required to ensure their sustainability.

The Group Employees' Committee comprises 30 employee members who represent the employees of the Lagardère group's French operations. The European Works Committee also has 30 members, but drawn from employees of the Lagardère group in Europe. Since the committee's renewal in July 2019, French employees have held 15 seats, with the balance held by representatives from the nine other European countries in which the Group has operations – Austria, Czech Republic, Germany, Italy, Netherlands, Poland, Romania, Spain and the United Kingdom.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual ordinary plenary meeting. In addition to these annual meetings, extraordinary meetings or meetings between committee members and these committees may be held if warranted.

The persistent health situation in 2021 rendered labour relations intense and sustained at all levels.

The main issues addressed were the effects of the pandemic on the various businesses:

- safety of personnel and implementation of all measures necessary to protect employees;
- adoption of home working for all jobs that allow it and management of the individual and collective consequences of the new working arrangements;
- implementation of furlough (or its equivalent in countries without such systems);
- initiation, as a last resort, of redundancy plans linked to the shutdown of activities.

At Group level, issues that had a prominent place in discussions between Management and the representative bodies included the effects of the Covid-19 crisis on the various organisations, governance issues and questions from employees about changes in the shareholding structure.

Several special topic-specific meetings were accordingly organised in addition to the two regular meetings of the European Works Committee and the Group Employees' Committee to allow these issues to be dealt with extensively.

In addition, in May and October 2021, two joint extraordinary meetings of the Group Employees' Committee and the European Works Committee were held to address, respectively:

- Lagardère's legal conversion from a partnership limited by shares into a French joint-stock company (*société anonyme*);
- Vivendi's announcement of its proposed takeover bid for the Group.

In July 2021, the Group Employees' Committee had to appoint a new secretary as a result of the previous secretary's resignation following her appointment as director representing employees on the Board of Directors of Lagardère SA in June 2021.

In November 2021, the Group Employees' Committee and the European Works Committee met to discuss the proposed collective redundancy plan affecting certain activities related to music radio networks.

The Group Employees' Committee met one last time at the end of November in an extraordinary meeting devoted to internal organisation issues specific to the body (renewal of consulting firm Sextant, signing of an agreement with a lawyer and opening of a bank account).

B) SUPPLIERS

For nearly ten years, the Group has been formally committed to a continuous improvement process to bolster its sustainable procurement strategy and practices. Since then, the Group's strategy in this area has been based on:

- procurement policies that promote issues such as respect for the environment, diversity and social inclusion, quality of governance and easier access to VSEs and SMEs for the Group's procurement specialists, encouraging them to consider the cash flow constraints of small suppliers and select sustainable suppliers;
- a Responsible Supplier Charter based on a certain number of international standards, such as the OECD Guidelines, the ILO Conventions and the UN Global Compact, which must be signed by new contractors working with a Group company;
- a joint project with EcoVadis to conduct regular assessments of the social, environmental and ethical performance of its suppliers and subcontractors.

A map of the Group's risks associated with the activities of suppliers and subcontractors was defined in 2017 as part of the duty of care plan. This map has strengthened the Group's sustainable procurement strategy by identifying seven major procurement categories that are most likely to generate risks involving personal health and safety, human rights or the environment (see section 4.7.1 for further details on these seven procurement categories).

Throughout the year, the Group's operating entities implemented action plans designed to address specific business concerns, in line with the decisions made under the duty of care plan. They primarly focused on suppliers and subcontractors operating in procurement categories at the highest risk level and in countries considered to have the most exposure to CSR risks, and with which procurement spending was most significant.

The Responsible Supplier Charter stipulates that publishers can initiate on-site compliance audits at the supplier or subcontractor premises, or at any of their production sites, with penalties applied for any infringements.

Hachette Livre commissioned seven on-site audits at five suppliers in 2021, and was also able to review some 10 social audits on other suppliers. At two Chinese suppliers, social audits revealed areas of critical non-compliance and an action plan was defined with them. Both suppliers up to one year to correct these critical issues, and the implementation of the action plans will be verified and validated during a further audit carried out during the period. Should they fail to provide the results of a further audit without critical non-compliance issues, the suppliers will be removed from the supplier base and any business relationships with them will be terminated.

C) NON-FINANCIAL COMMUNITY

Since the creation of the Sustainable Development and CSR Department, Lagardère has maintained frequent and ongoing dialogue with non-financial investment analysts. This continuous engagement, in response to numerous requests from actors such as MSCI, CDP, VigeoEiris, Sustainalytics, ISS-Oekom etc., enables the Group to deliver steady progress in its outcomes with each new rating.

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The Lagardère group accordingly obtained the following outcomes on its responses to the various questionnaires for 2021, reflecting its commitment, its level of maturity and its good sustainability and ESG practices:

- S&P: inclusion in the S&P Global Sustainability Yearbook 2022, for the fourth consecutive year;
- Sustainalytics: 2022 "ESG Industry Top-Rated" and "ESG Regional Top-Rated";
- VigeoEiris: ranked second (out of 21) in the Publishing sector.

D) STAKEHOLDER PANEL

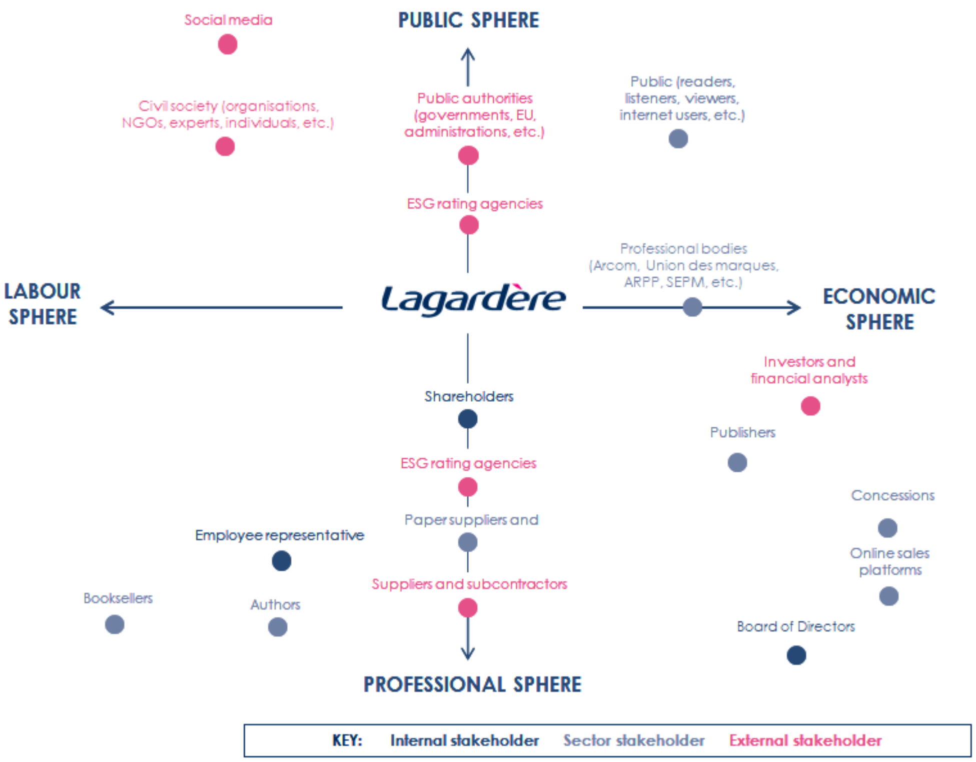
To take a more innovative approach to stakeholder dialogue, Lagardère set up a stakeholder panel in 2015. This advisory body comprises 13 members (including 12 from outside the Group) who represent the Group's main priorities, business lines and sectors. Chaired by the General Management and facilitated by the Sustainable Development and CSR Department, this panel's meetings have three objectives:

- establishing regular dialogue at Group level between Lagardère and its stakeholders;
- obtaining a better understanding of stakeholders' perception and expectations of the Group;
- supporting Lagardère's forward-looking strategy for its main social, environmental and societal priorities.

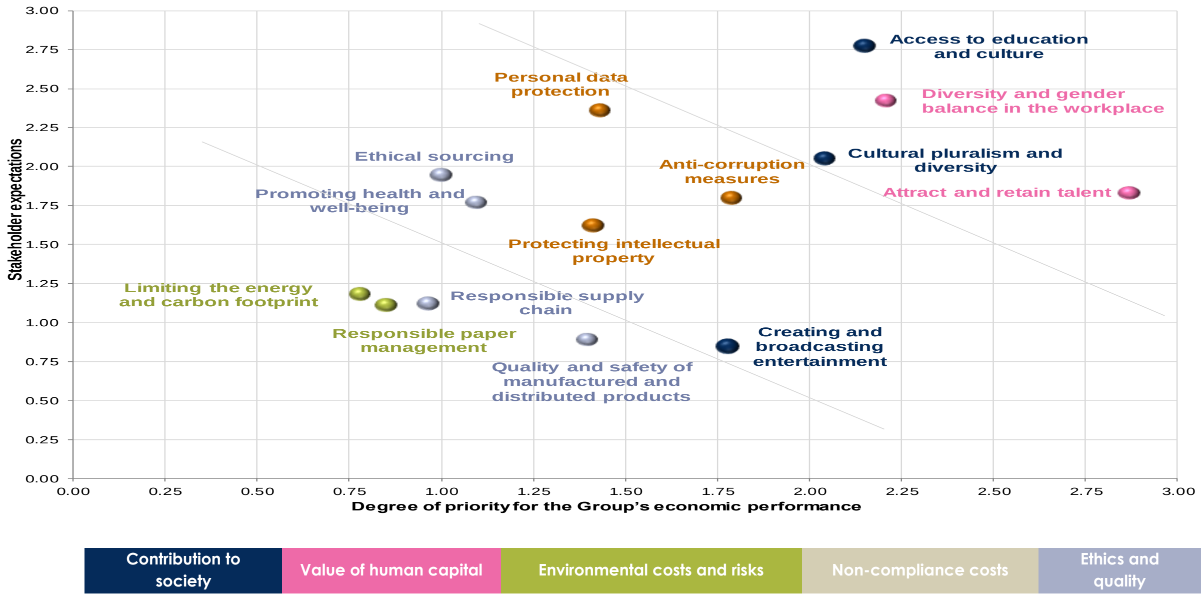
The panel has met 10 times since its establishment. Its most recent meeting, in 2021, focused on the challenges of sustainable finance.

Dialogue with this panel also enabled the Lagardère Group to validate the materiality analysis conducted in 2017.

After determining the initial qualitative and quantitative methodology, the final matrix, shown below, was fine-tuned and presented to the panel with the aim of simplifying the overall CSR roadmap.



Lagardère group materiality matrix



4.2.2 CSR PLAYERS AND GOVERNANCE

Updated in 2020, Lagardère's Code of Ethics sets out a collection of guidelines providing a set of shared standards for all Lagardère employees. The Code of Ethics is one of the core documents used to define the Group's CSR approach. The Group also bases its strategy on three policies (a social policy, a human rights policy and an environmental policy) used to inform its approach and determine its areas of commitment.

From an organisational and cultural perspective, three categories of players are involved in CSR governance within Lagardère: the Group Sustainable Development and CSR Department; the division CSR Departments; and the operating entities.

At Group level, the Sustainable Development and CSR Department, which reports to the Secretary General, sets the framework for Lagardère SA's strategy and monitors its rollout and execution within the divisions. It also ensures that the Group's activities are compliant, carries out non-financial reporting campaigns, establishes a consolidated view of the Group's non-financial data, interacts with the rating agencies and investors, manages communication and relationships with stakeholders on all issues concerning Lagardère SA, and takes charge of the cross-divisional projects incumbent on a listed Group.

Within the divisions, the CSR Departments propose and lead each division's strategy, in line with the Group's strategy, and coordinate implementation across all subsidiaries and regions. They help the operating entities to identify local challenges and roll out the resources needed to manage them.

The operating entities manage the action plans associated with their activities in order to meet the objectives set by the Group and the divisions. Within this framework, they roll out the provided systems and programmes.

At the same time, the Group Sustainable Development and CSR Department leads steering committees for each of the divisions (two meetings per year), plus an annual cross-division steering committee meeting.

Since 2015, CSR has been included in the duties of the Appointments, Remuneration and CSR Committee. In 2021, the Sustainable Development and CSR Department plotted out its 2022 roadmap, issued a progress report on the Group's non-financial rating and presented the findings of the 2021 carbon audit.

4.2.3 CSR ROADMAP

The CSR roadmap is based on four pillars—three strategic pillars linked directly to the Group's activities and a governance pillar reflecting the compliance obligations of a listed group:

- Limiting the environmental impact of our products and services.

  The Lagardère group works towards a pragmatic, environmentally-driven commitment that is relevant to its business activities, by focusing on three fronts: climate change, responsible resource management (especially paper and plastics) and an environmentally responsible approach to the food chain.

- Placing people at the heart of our strategy.

  The Lagardère group is committed to a policy of greater diversity and inclusion, and has made the fight against sexism in the workplace one of the major thrusts of its gender balance policy. Meanwhile, its day-to-day involvement in developing its employees' skills also plays a role in attracting and retaining talent.

- Sharing the social and cultural diversity of our businesses.

  The Lagardère group promotes access to education and knowledge while defending freedom of speech, pluralism of ideas and cultural diversity through the content it produces and distributes, as well as through its various partnerships and cultural and social solidarity programmes.

- Ensuring ethical and responsible corporate governance

  The Lagardère group is committed to developing its business in accordance with major ethical and compliance priorities, including the fight against corruption, duty of care and personal data protection.

4.3 CSR – RISKS, OPPORTUNITIES, STRATEGY AND PERFORMANCE

In 2018, the Sustainable Development and CSR Department and the Risk, Compliance and Internal Control Department worked together to implement a methodology for identifying non-financial risks and integrate them into the Group's risk map.

After flagging up nearly 40 non-financial risk events and opportunities divided into four categories – labour impacts, environmental impacts, respect for human rights and fighting corruption – the risk and sustainable development teams analysed them against the existing materiality matrix (see section 4.2.1.3.D).

This cross-analysis of the 40 events helped narrow the list down to 13 non-financial risks and opportunities. These 13 risks were then assigned a rating for each of the Group's main businesses, ranked using the Group's risk scoring methodology and weighted based on revenue to take account of the Group's strategic plan to refocus its business on Lagardère Publishing and Lagardère Travel Retail.

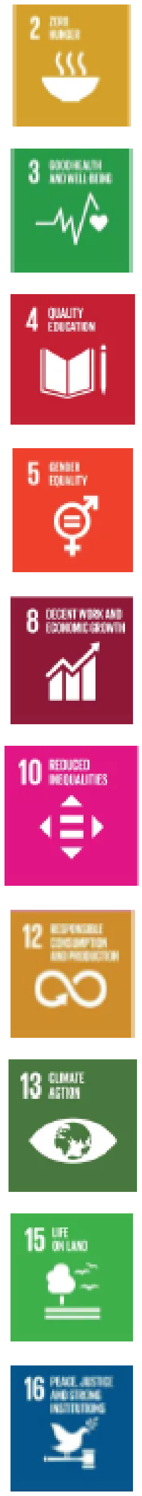
The mapping was reviewed and updated in 2020 to take into account the Group's new profile. This process was additionally an opportunity to review the initial universe and to harmonise the level of granularity of the risks and opportunities identified in order to cast more light on some of them.

This work confirmed the following areas as carrying non-financial risks and opportunities:

- management of skills and key talent;
- diversity and gender balance in human capital;
- access to and dissemination of education, culture and entertainment;
- quality, compliance, hygiene and safety of the products sold;
- fighting climate change;
- resource management, anti-waste measures and the circular economy;
- respect for privacy;
- respect for fundamental freedoms;
- fighting corruption.

Section 4.3 describes the Group's strategy for each of these priorities, its implementation within the business lines, the indicators in place to monitor progress, and areas for improvement.

Corporate social responsibility cross-reference

ESG challenges	Non-financial risks and opportunities	Strategy and KPIs	SDG
Placing people at the heart of our strategy Roadmap	Management of skills and key talent	**Chapter 4.3.1.1** *KPI:* • *Voluntary departure rate* • *Percentage of top executives and managers with more than ten years of service* • *Percentage of employees with a portion of variable remuneration*	
	Diversity and gender balance in human capital	**Chapter 4.3.1.2** *KPI:* • *Percentage of women top executives* • *Percentage of women executives* • *Percentage of women managers* • *Percentage of managers to receive diversity awareness-raising or training*	
Sharing the social and cultural diversity of our businesses Roadmap	Access to and dissemination of education, culture and entertainment	**Chapter 4.3.1.3** *KPI:* • *Number of audiobooks available in the Lagardère Publishing catalogue at year-end* • *Percentage of e-books available in ePub3 format among new textbooks in the Lagardère Publishing catalogue at year-end*	
	Quality, compliance, hygiene and safety of the products sold	**Chapter 4.3.1.4** *KPI:* • *Number of countries audited for health and safety during the year* • *Percentage of countries audited for health and safety at year-end*	
Limiting the environmental impact of our products and services Roadmap	Fighting climate change	**Chapter 4.3.2.1** *KPI:* • *CO_2 emissions per €m of revenue (carbon intensity)*	
	Resource management, anti-waste measures and the circular economy	**Chapter 4.3.2.2** *KPI:* • *Total weight of paper purchased directly* • *Total weight of paper supplied* • *Total weight of paper purchased and supplied* • *Percentage of certified paper* • *Percentage of recycled paper* • *Percentage of Foodservice turnover in countries that have a waste measurement system and run waste reduction initiatives* • *Percentage of Foodservice turnover in countries that have switched to responsible consumables and banned single use plastic consumables in proprietary brands*	
Respect for human rights	Respect for privacy	**Chapters 4.3-3.1 and 4.3-3.2** *KPI:* • *Number of formal disputes involving discrimination, forced labour, child labour and harassment* • *Proportion of workforce covered by employee representation at 31 December* • *Number of work accidents and days' absence due to sick leave* • *Frequency and severity rate and lost time related to work accidents* • *Percentage of the workforce at an entity with a health and safety committee* • *Percentage of the workforce at an entity with regular health monitoring* • *Percentage of training hours dedicated to health and safety*	
	Respect for fundamental freedoms		
Ensuring ethical and responsible corporate governance	Fighting corruption	**Chapter 4.3.4**	

4.3.1 LABOUR IMPACTS OF THE GROUP'S ACTIVITIES

4.3.1.1 Management of skills and key talent

Today's world is changing fast, with new growth models emerging all the time. To keep up, the Lagardère group must attract and support the career development of talented, creative and engaged employees to design innovative products and services and produce high-quality content. The Group's business success is a direct result of the skills and expertise of its employees; these skills are valuable resources that are constantly being adapted to maintain the quality and diversity of the workforce.

A.1 Strategy

Operating entities manage their employees independently and locally to bring out the best in their human capital. To achieve this, they implement measures to respond to the specific needs of their activities, businesses and environments. In line with the Group's organisational approach, divisions must nevertheless adhere to a set of shared commitments, including an internal talent management policy, that are regularly monitored during the Group's Human Resources meetings held every month.

Developing the professional expertise and individual responsibilities of employees is crucial to the Lagardère group's success. It therefore focuses on developing employees, through promotion, internal mobility and training, to enhance their individual employability. Lagardère also provides guidance and training for young people by hosting interns and promoting work-study placements and programmes.

It is also Group policy to use remuneration and pay rises – contingent on the value employees bring to their position and on variable pay scales that reflect the measure of individual objectives – to recognise and reward employee performance levels, using quantitative and qualitative criteria defined by the subsidiaries.

A.2 Application

Training

In order to offer employees guidance throughout their career, the Lagardère group makes available a large selection of training options in a broad range of fields, including digital technologies, management, communication, health and safety, foreign languages, businesses, etc. Each year, the training hours data highlights how well-adapted the Group's training policy is: 65% of total training hours provided focus on "business" or "management" specialisations. These courses are closely correlated to employees' current performance and development potential.

Amid the persistently unstable health context in 2021, Lagardère Travel Retail developed Global Digital Week to unite its employees around key Group issues. The event was held in an exclusively online format in June 2021. Aimed at 500 employees in more than 25 countries, Global Digital Week opened with a plenary session that gave the Global Executive Committee a chance to celebrate international and local successes, and explain how Lagardère Travel Retail's strategic priorities and the intensification of its CSR commitment can help it make the most of the crisis. Over the subsequent days, more than 10 online sessions open to all participants provided an opportunity for over 40 internal speakers to share their expertise and open conversations with the audience on issues such as in-store operational excellence, collaboration within the industry, commitment, CSR and the need to respond to crisis-induced consumer trends. External speakers also took part in the event to train employees on subjects including well-being at work and the fight against food wastage. Lastly, exchange sessions between employees were planned to foster remote meetings and discussions. The event, a first in Lagardère Travel Retail's history, was very well received by participants. It will be repeated in future years in a hybrid format as a way for Lagardère Travel Retail to keep engaging and training many of its teams around the world.

In France, as part of the government-sponsored National Employment Fund training assistance program (FNE-Formation), several Lagardère Travel Retail employees were able to take part in distance learning courses, largely public funded, to develop IT and digital skills, as well as business skills (project management, risk management, merchandising, operating permits, etc.) and soft skills.

Lastly, some of the subsidiary's entities also put together a "talent marketplace" enabling employees to share their skills, knowledge and know-how between each other.

Lastly, in 2021, Lagardère Travel Retail France completed a project that had been in the pipeline for several years by launching the "TOKNOW" e-learning platform. The purpose of this new system is to develop widespread access to training, available at any time and on any device (smartphone, tablet, etc.). Lagardère Travel Retail France is using digital training to become more agile, productive and proactive. Until 2019, 90% of training sessions were conducted in a classroom setting. From 2022 onwards, the blended learning approach, under which the best medium is chosen to suit the business and the trainees concerned, will become the norm.

Internal mobility

Internal mobility is a key component of human resource management, building on the training and employee skills development initiatives. Group-wide, 0.6% of vacancies for permanent positions were filled through internal mobility in 2021. While this figure may appear to be low, it was heavily impacted by the high level of employee turnover at Lagardère Travel Retail, mainly among retail sales staff for whom little internal mobility is possible. When adjusted for this factor (recruitments in the "Other employees" category at Lagardère Travel Retail), in 2021, the Group's internal mobility rate came out at 6%.

Furthermore, the stark differences in the Group's business activities make mobility for operating staff between divisions practically impossible. However, in France the Lagardère group has developed a special process to evaluate the various opportunities (mainly for support functions) and profiles of candidates who have submitted a request for mobility. In 2021, the inter-division committee in France (made up of HR representatives in charge of mobility) met four times in addition to regular exchanges.

Remuneration

To take into account employees' skill levels, training and responsibility and the specific nature of the business sectors they work in, individual rather than collective pay rises are increasingly common. As such, most of the Group's entities reward employees through individual as well as collective performance incentives such as bonuses and variable pay. These practices enable the Group to correlate employee remuneration to the achievement of individual and collective objectives at the level of the subsidiary concerned.

In return for these individually tailored pay measures, to ensure optimum transparency between staff and their management on remuneration, the Group encourages annual interviews, which give employees a better perception of their performance with regard to the requirements of their job.

Lagardère also seeks to build loyalty among key talent through regular awards of shares in the parent company, Lagardère SA. It has done so since 2007 using free share awards (see the Special Report in section 2.9.9).

A.3 Performance

The Lagardère group now focuses on a narrower range of indicators, which it will monitor more closely. These key indicators include voluntary departures[1], variable remuneration, and length of service of managers and executives within the Group.

[1] Calculated as (resignations plus recruitments) divided by 2 divided by the workforce at 31 December of the prior year.

Voluntary departures (%) [1]

Division	2021			2020		
	Top executives	Managers	Other employees	Executives	Managers	Other employees
Lagardère Publishing	**3.0**	**7.0**	**13.8**	**4.5**	**5.1**	**10.0**
Lagardère Travel Retail	**9.2**	**11.4**	**41.1**	**8.7**	**8.8**	**19.4**
Other Activities	**4.1**	**8.3**	**11.6**	**2.6**	**8.0**	**6.3**
Group	**6.3**	**8.9**	**35.8**	**5.7**	**7.0**	**17.9**

The significant divergences in the percentage of voluntary departures by division and professional category in the table above mainly reflect local job markets and radically different approaches to work between countries. Stark differences are also found between the Group's various subsidiaries. Voluntary departures are especially common at Lagardère Travel Retail, as retail employees are included in this indicator across a broad scope.

The increase between 2020 and 2021 can be mainly explained by particularly low rates in 2020, which was when the health crisis was most acute. The 2021 rates are therefore comparable to 2019, albeit slightly lower.

As explained in the following section, the top executive category represents a smaller population than the executive category (around 350 people compared to just under 600 for the latter).

Other performance indicators

Indicator	2021	2020	2019
Percentage of top executives and managers with more than ten years of service	**46**	48	43
Percentage of employees with a portion of variable remuneration	**40**	43	43

4.3.1.2 Diversity and gender balance in human capital[2]

Discrimination based on gender, disability, sexual orientation, origin, religion or other factors is an obstacle to the implementation of diversity, which is a key to social harmony and performance. The Lagardère group believes that having a diverse workforce drives creativity and growth.

A.1 Strategy

Adapting to local cultures, the diversity of consumers and the increasing number of markets are strategic factors in the development of all Group businesses. Given its wide range of business activities and the broad array of expertise provided by its workforce, the Lagardère group promotes diversity in its subsidiaries, particularly through the commitment of its human resources departments.

First, as stated in its Code of Ethics, Lagardère is opposed to all forms of discrimination based on a person's origin, lifestyle, age, sex, political or

[1] Due to the significant level of employee turnover during the year, this indicator is subject to a degree of uncertainty, despite controls conducted on the data representing in 2021 just over 2% of the workforce (versus less than 1% of the 2020 workforce).

[2] The information in section 4.3.1.2 is presented pursuant to the obligations provided for in paragraph 2 of article L. 22-10-10 of the French Commercial code (Code de commerce).

religious opinions, trade union affiliation, disability or sexual orientation. It works to apply and promote the ILO's fundamental principles on eliminating discrimination in respect of employment and occupation and stamping out forced and compulsory labour.

Lagardère's strategy to promote diversity and gender balance has translated these principles into three main focal points:

- gender balance in the Group;
- breaking down stereotypes based on race or social class;
- integrating employees with disabilities.

A.2 Application

Gender balance in the Group

Women continue to occupy a central position in the Group's workforce. In 2021, they represented 65% of the Group's total permanent workforce and 58% of managers. Not surprisingly, they also made up the majority of training participants (women took 61% of training hours and accounted for 65% of employees taking at least one training course during the year) as well as the bulk of promotions and pay rises (64% of promotions and 68% of pay rises).

In 2020, women accounted for 51% of the Lagardère group's 550-600 executives. In 2021, this proportion climbed further to 54%.

This steady increase has prompted the Group to focus its efforts on a smaller number of "Top Executives" (around 350 people in total) from 2021. In 2020, women represented 42% of the members of this new panel, which comprises the members of all divisional Executive Committees and Management Committees, in each of the countries where they are based, in addition to the Group Executive Committee. That proportion was 44% in 2021, slightly ahead of target versus the 45% target set for 2024.

One of the ways the Group supports women is through the LL Network, an internal group dedicated to promoting gender balance for all employees in France. In 2018, it established a mentoring programme, in addition to holding personal development workshops. The network is one of the vectors through which the Group demonstrates its commitment to a range of causes in support of women, such as its endorsement of Women's Empowerment Principles and its commitment to the #StOpE initiative to put an end to everyday sexism in the workplace. In 2021, the fight against sexism also resulted in the Group producing an interactive awareness-raising document for employees in France.

At Hachette Livre (France), an awareness-raising and self-diagnosis web app available to all employees, addressing the fight against sexism and sexual harassment at work, was a resounding success, with nearly 1,000 employees taking part during the year.

On the issue of equal pay, Group entities subject to disclosure of their equal pay index in France generally made progress in 2021. Hachette Livre, for instance, reported a score of 91 out of 100 in 2021 (89 in 2020), while Lagardère Travel Retail France scored 88 out of 100 (86 in 2020).

Breaking down stereotypes

This theme is relevant day to day, across all businesses. The broad diversity of employees reflects both the large number of regions in which the Group operates and the diversity of its customers and consumers.

At Group level, regular diagnostics of recruitment procedures performed until 2019 served to test recruiters' objectiveness (with regard to the two criteria studied, namely origin and gender) in the selection of applicants for jobs and work placements. Although the health crisis of the last two years has prevented these tools from being used further, the Lagardère group has continued to raise awareness against stereotyping and provide training in diversity management.

In France, the human resources departments and executive committees of each division were among the first employees to be given this training course, which has now been extended to all of the Group's managers. In 2021, 118 managers were trained in France.

Following on from previous years, numerous initiatives conducted in partnership with charitable associations promoting diversity and inclusion were continued within the Group, across all divisions and continents.

In France, the launch of a Diversity Committee has enabled Hachette Livre to cement its partnership with Nos Quartiers ont des Talents and to diversify its recruitment channels.

Hachette UK remains at the forefront on this issue thanks to the Changing the Story programme. For the past five years, it has been working on an increasing number of initiatives, partnerships and employee networks to promote all forms of diversity. In 2019, Hachette UK notably committed to raising the proportion of employees from ethnic minorities to 15% in 2024. This proportion was 9.6% in 2020 (versus 7.7% in 2019), and rose to 11.5% in 2021.

Hachette Book Group (USA) hired a Head of Diversity and Inclusion and launched an action plan.

Lagardère Travel Retail continued its work in 2021 as the Diversity Committee at Paradies (United States), established in 2020, conducted numerous awareness-raising initiatives.

Integrating employees with disabilities

In France, Hachette Livre, which set up its own Mission Handicap programme in 2015, and was one of the first companies to sign the "Charter for the inclusion of people with disabilities in the workplace", was particularly active on the issue in 2021. The division's most noteworthy initiatives include the establishment of a network of Disability Officers in each of the entities, tasked with promoting recruitment, communicating with the financial departments and organising provision of occupational health prevention.

At Lagardère Travel Retail, the teams in Italy and the United Kingdom have also taken action on the subject of disability. In Italy, a Charter for Equal Opportunities has been signed while the United Kingdom has participated in the Disability Confident programme since 2019.

Lastly, at Lagardère News, the November 2021 Disability Week was an opportunity to welcome people with disabilities to the company's premises for DuoDay, and to organise an inclusion challenge on the Aviséa platform.

A.3 Performance

Indicator	2021	2020	2019
Percentage of women top executives[1]	**44**	42	-
Percentage of women executives	**54**	51	49
Percentage of women managers	**58**	57	57
Percentage of managers to receive diversity awareness-raising or training during the year[1]	**16**	-	-

[1] Data reported for the first time in 2020.

In addition to the indicators described above, for several years the Group has also closely followed a number of formal disputes concerning discrimination alleged against one of its entities (see section 4.3.3.2 on respect for fundamental freedoms).

4.3.1.3 Access to and dissemination of education, culture and entertainment

Culture – sometimes referred to as the fourth pillar of sustainable development – plays a central role in the Group's businesses. With its involvement in the worlds of reading, writing, travel and information, Lagardère bears a special responsibility as a world leader in publishing and travel retail. Culture, in all its forms and all its diversity, is the driving force behind the Lagardère group. This is shown in the variety of books published by Lagardère Publishing and the reach of the Lagardère Travel Retail network.

The Group businesses aim not only to instil a love of reading, but also to foster critical thinking, knowledge, openness and learning through a range of content available on various media and in brick-and-mortar retail spaces. They support people in their everyday lives, helping to satisfy their need to learn, discover, gain knowledge and open up to the world around them.

A.1 Strategy

Diverse cultures, products, countries and ideas, freedom of expression, development of critical thinking, the ability to analyse and understand the world, accessibility of content and knowledge transmission are just some of the issues addressed by the Group's operating entities, which are each tasked with ensuring the accessibility, distribution and promotion of their products and services in a way that is appropriate to the local context. This notably involves setting up partnerships and rolling out new systems.

Lagardère Publishing uses digital technologies to make books accessible to people with reading difficulties. By signing the Accessible Books Consortium (ABC) Charter, the division has committed itself in France, the United Kingdom and the United States to increasing the number of books in accessible formats, including for the blind and visually impaired, or otherwise print disabled. Lagardère Publishing also contributes to democratising and promoting reading and culture through a host of programmes and partnerships.

Meanwhile, Lagardère Travel Retail relies on its store network to organise and/or support a large number of initiatives designed to promote reading and culture.

A.2 Application

On accessibility, literacy and the promotion of reading

Lagardère Publishing promotes and develops audiobooks in France, the United States and the United Kingdom through its various brands. In the context of opening up the world of reading, audiobooks are especially helpful for the visually impaired, as well as for people who have difficulty reading, such as young dyslexics. However, they also have broader appeal in bringing the pleasure of reading to a wider audience, whether for the quality of the narrator's voice, simple convenience or education.

Furthermore, in France, publishing houses simultaneously release novels and essays in print form and in a "natively accessible" digital version (ePub 3 format) so that they are accessible to readers using a Braille keyboard or the text-to-speech audio transcription function on a compatible device. Publishers also submit their works to the Platon platform operated by the French National Library (BNF) to allow the creation of files adapted by approved bodies.

Several of the Group's Youth Works and Textbooks publishers have also signed partnerships to make more than one hundred titles (to date) from their catalogues accessible to readers with dyslexia or learning difficulties, in audio or digital versions.

In addition to its daily activities and involvement via the SNE (the French Publishers' Union) in all public events related to combating illiteracy and encouraging reading, Hachette Livre leads many initiatives. The most emblematic is Le Camion qui Livre, which embarked on its eighth consecutive year of commitment in 2021, despite the particularly challenging health situation.

The Livre de Poche mobile bookstore once again criss-crossed beaches throughout the summer. By going out in search of readers on the beaches and, above all, attracting people that might not otherwise have visited a bookshop over summer, this operation ties in with Le Livre de Poche's historical purpose of making reading and culture accessible to all. In 2021, the house also completed the fifth year of its partnership with Unicef's mission to educate the millions of children worldwide who are not enrolled in school, by publishing previously unpublished works and donating a portion of the proceeds to the cause.

In the United Kingdom, Hachette UK partnered with the Royal National Institute of Blind People (RNIB) to make all books in its catalogue (more than 40,000 titles to date) available via the RNIB Bookshare platform. Bookshare is a free service that provides access to an online library of digital resources that can be read electronically or adapted to the user's reading needs, including for people who are blind, visually impaired or dyslexic.

In 2020, to help make books accessible to people with learning disabilities, Jessica Kingsley Publishers, one of the Hachette UK publishing houses, produced the publishing industry's first set of guidelines for creating dyslexia-friendly texts. Drafted in association with The Accessibility Network and the British Dyslexia Association, they describe how publishers can make books more readable for dyslexics, with adjustments ranging from font sizes to book cover designs.

As a result, Hachette UK became the first publisher to win a Smart Award from the British Dyslexia Association (BDA). The award was given in recognition of the company's efforts to promote good practice and address the needs of dyslexic and neurodiverse people, both in the workplace and in terms of content. Lastly, since the end of 2021, all new releases have been available in the most accessible digital format, ePub 3, as they already were in France.

In the United States, Hachette Book Group runs several initiatives aimed at facilitating access to reading among people with visual impairments or from underprivileged backgrounds and thereby promote a love of reading and writing. This is illustrated by the partnership with the National Library Service for the Blind and Physically Handicapped, through which the American subsidiary is making its entire catalogue of digital books (15,870 titles in 2021) and audiobooks (6,325 titles in 2021) available free of charge to people with these disabilities.

Hachette Book Group also continues to be a key partner in a nationwide initiative (Book Rich Environments) providing children and even whole families with quality books on a variety of topics. The goal of this programme, which is in place throughout the United States, is to foster a love of reading, promote culture and help young people build their own libraries at home. In 2021, Hachette Book Group donated 30,000 books as part of this partnership.

Lagardère Travel Retail is running a number of campaigns to give reading and culture their rightful place, particularly in France via the Relay store network:

- for more than 40 years, the Relay Traveller Readers' Award has provided a high level of media coverage for the books entered during the year and forged a genuine community of "traveller readers";
- the Relay Magazine of the Year Award, in partnership with the Syndicat des Éditeurs de la Presse Magazine, selects the best magazines of the year and promotes them to a large audience through a major multichannel campaign;
- during the Angoulême International Comics Festival, thereby improving accessibility for this transgenerational and educational cultural celebration;
- throughout the year, it organised signing sessions in its stores;
- the division put a focus on publishers' advertising campaigns to encourage people to read books and magazines.

Lastly, the Group's two main divisions in France have joined forces on two noteworthy initiatives.

The first is the partnership in the Trophées de l'Édition awards, organised by the magazine Livres Hebdo. This exceptional event rewards publishing professionals who contribute to the influence of publishing through their excellence, boldness and creativity.

The second is a joint initiative which sees books, magazines and newspapers donated to hospitals. For more than ten years, teams at more than 100 stores in the Relais H network (Relay stores operating in hospitals) have been making "reading" donations (books and newspapers) timed to coincide with the festive season to departments, specialised services and libraries in French hospitals, thereby enabling hospital patients – both children and adults – to enjoy a dose of culture and entertainment, with hundreds of titles available.

On education, freedom of expression, diversity and pluralism

Hachette Livre is a founding member of the PEN International Publishers Circle. PEN International is an NGO formed in 1921 to protect freedom of expression, particularly that of persecuted writers, and to promote literature worldwide. In the three countries where it operates (France, the United Kingdom and the United States), Hachette Livre actively helps to finance PEN and countless other local and national initiatives that seek to protect freedom of expression and publication around the world, support authors and, more broadly, promote the added value of books and reading.

Since October 2017, Hachette Livre has been a founding member of Educapital, a European investment fund dedicated to education and training. Educapital identifies and partners innovative start-ups in the education and training sectors, particularly in primary, secondary and higher education segments as well as in extra-curricular activities.

In France, for example, publishers Hatier and Jean-Claude Lattès are both making a contribution by running competitions. Hatier has organised a major contest called Le Tremplin Prépabac since 2013, with a €5,000 winning prize intended to fund the future career plans of a secondary school student. The second edition of Jean-Claude Lattès' "Voix d'Afriques" writing competition, launched in partnership with RFI and the Cité internationale des arts, was also staged in 2021. Intended for young authors, this prize aims to showcase new African novel-writing talent in French.

Education also involves raising awareness about the major issues facing society. As the publishing business is primarily driven by the diversity of the books it releases and the ideas it develops, Lagardère Publishing's primary responsibility is to help readers understand the major issues across the world today. In 2018, Hachette Livre bought La Plage, which publishes books by authors involved in environmental issues and well-being topics. This acquisition has enhanced the division's variety of available works and has provided La Plage with a broader platform for its authors to wave the environmental flag.

Hachette UK set up its Changing the Story programme as part of its objective to promote diversity, social inclusion, equality, accessibility, dissemination of culture, reading and writing. This 360-degree programme involves a range of initiatives (partnerships, workshops, mentoring, fundraising, donations, editorial choices, employee engagement, training, enterprise network, etc.) designed to make Hachette UK the leading publisher in the United Kingdom.

In the United States, Hachette Book Group continued its partnership with the Read Ahead programme for the tenth year running. This has led a number of employees to help pupils of a state school in New York to practise and improve their reading abilities over a full school year, and more generally to provide mentoring throughout their course.

The American subsidiary is also continuing to support the New Jersey Law and Education Empowerment Project, a college access and success programme serving students and families in the greater Newark area. Specifically, HBG contributed to College Bound through coaching and mentoring sessions, thereby providing middle and high school kids with the academic and social skills necessary to succeed in college and beyond.

The breadth of its nationwide network allows Lagardère Travel Retail France to promote the regional and local press through a policy of listing regional dailies and special issues, as well as through customised merchandising in dedicated displays. Over 150 regional press titles are available at Relay. Among books, the tourist guides sold in stores promote local culture. Lagardère Travel Retail France works with the largest national publishers to cover all regions of France, but also with more specific local publishers to offer micro-regional guides suited to a specific store or geographical area.

Perpetuating a tradition dating back nearly 30 years, Lagardère Travel Retail France contributes to freedom of expression. Through its network of Relay sales outlets, the division supports the work of Reporters Without Borders (*Reporters Sans Frontières*) by promoting the association's three annual publications, free of charge. Moreover, the amount raised from their sale is passed on to Reporters Without Borders in full. Relay also promotes the organisation on its website and in its stores, notably through free advertising space and support for the association's prospective events.

In 2021, Lagardère's media activities helped explain, through their content, opinions and/or partnerships, many topical issues to various audiences. For instance, the Europe 1 radio station demonstrates its commitment to raising awareness of major social issues among its audience by organising the *Trophées de l'Avenir* awards for excellence in social innovation and commitment.

A.3 Performance

Indicator	**2021**	2020	2019
Percentage of e-books available in ePub 3 format among new textbooks in the Lagardère Publishing catalogue at year-end[1]	**89**	72	-
Number of audiobooks available in the Lagardère Publishing catalogue at year-end	**18,889**	16,453	14,203

[1] Data reported for the first time in 2020.

4.3.1.4 Quality, compliance, hygiene and safety of the products sold

All companies have a duty to ensure the health and safety of the people who use their products and services, as well as complying with applicable regulations. These priorities apply in different ways to every subsidiary and activity within the Lagardère group. As an example, both physical products delivered with books (accessories, household items, toys, etc.) and food products must be compliant.

At Lagardère Travel Retail, the Foodservice business requires a heightened focus on food hygiene and safety issues. An incident involving the quality of food products sold at Group stores would not only impact the health and physical safety of consumers but could also jeopardise the Group's credibility and reputation among both customers and partners.

A.1 Strategy

Lagardère Publishing works with suppliers possessing quality assurance systems that are generally certified in accordance with ISO 9000 requirements.

In addition, Lagardère Publishing monitors regulations to ensure that products marketed comply with regulatory requirements, such as those relating to marking, waste sorting information and materials.

At Lagardère Publishing, Hachette Livre France relies primarily on its Product Safety Committee, which meets several times a year with members from the various divisions to share information on changes in applicable regulations and standards, and on product safety conditions encountered in the course of its business. This committee is also responsible for developing safety procedures for Hachette products, which are the second pillar of its strategy. Lastly, product development and manufacturing teams are also regularly trained on product safety issues.

In addition, suppliers select packaging and accessories based on criteria defined by the Group Purchasing Department. Suppliers are contractually committed to only delivering products that meet the applicable consumer health and safety standards.

Lagardère Publishing's international subsidiaries are also subject to the same stringent requirements.

At Lagardère Travel Retail, which now offers food at more than 1,100 points of sale in 27 countries, the development of the business has brought added focus on food hygiene and safety issues, which are considered to be a priority going forward. Developed with the support of Bureau Veritas and its local network of health safety and brand compliance experts, Lagardère Travel Retail's strategy is based primarily on Food Safety Guidelines drawn up for circulation in all countries. These standards set out the policy along with strict rules that are sometimes more demanding than local hygiene regulations.

In addition to food hygiene and safety issues, there is a real opportunity to contribute to progress on today's social issues, namely health and healthy eating habits that are good for both people and the planet. That is why Lagardère Travel Retail is gradually committing to sourcing its products in a more ethical manner. In early 2018, Lagardère Travel Retail pledged that it would no longer sell eggs or egg-based products from caged hens as of 2025 throughout its network worldwide. In 2020, Lagardère Travel Retail additionally undertook to confine its purchases of chicken meat to farms that meet the criteria of the European Chicken Commitment. In view of the health crisis, this commitment was only announced in 2021.

A.2 Application

At Lagardère Publishing, suppliers are contractually bound to deliver products compliant with the characteristics defined in the specifications provided to them. In addition, quality control is carried out by the supplier as well as by Hachette's manufacturers at the various product and book production stages (press slips, printing slips, binding slips, acceptance copies, etc.).

Acceptance copies provided by suppliers are also checked for compliance with regulatory requirements.

Since the end of 2012 in France, Lagardère Publishing has provided compliance certificates on both a systematic and intermittent basis on a dedicated portal to retailers and booksellers for products requiring certification. This is the case for toys, articles suitable for contact with food or electrical and electronic articles.

The Product Safety Committee has also implemented incident and crisis management procedures for product safety which went into effect in early 2015.

Hachette Livre also asks its suppliers to formally commit to respecting the requirements of European regulations concerning chemical substances such as REACH (Registration, Evaluation and Authorisation of Chemicals), CLP (Classification, Labelling, Packaging) and POP (Persistent Organic Pollutants).

In addition, products subject to specific regulations, such as toys, kitchenware, electrical/electronic items and cosmetics, are screened for safety post-development and are controlled by independent laboratories before being marketed to the public. The aim is to verify that the concentration or migration limits of the substances present are well below the levels set by the regulations. Test reports are archived for a period of 10 years.

In France, Hachette Livre is also a member of the toy standardisation committee and participates in developing European toy safety standards, including the EN 71 European safety standard series.

At Hachette Book Group, all products marketed comply with various US regulations, including the Consumer Product Safety Improvement Act (CPSIA) for children's products, in addition to regulations applicable in Canada, the United Kingdom, the European Union, Australia and New Zealand. If a product contains material not typically found in a regular book, safety tests are performed by a third-party testing agency accredited by the Consumer Product Safety Commission. For complex products, design evaluations and preliminary testing of components can take place throughout the product's development phase. For products subject to mandatory safety testing, HBG adheres strictly to its testing programme, which requires safety testing of the applicable product at least once every 12 months if there are no changes to its composition. Further testing is required if the manufacturing or product specifications change (country of origin, factory, design, materials). If a recall is necessary, HBG follows its quality procedure to notify the relevant departments and take the necessary steps to freeze the marketing of the product in question.

For Lagardère Travel Retail, the strategy is based on five pillars:

1. Food Safety Guidelines include tools for implementing action plans as well as objectives. Across all countries, an HACCP[1] system for controlling food safety applies both to catering operations and the sale of packaged food. Daily food hygiene and safety checks are performed at each point of sale, following strict and specific procedures, from the supplier delivery phase to final sale to the consumer;
2. an annual audit plan is conducted at each of the subsidiaries, including in-depth questionnaires for each point of sale and audits for the headquarters of each of the divisions. Eight countries were audited in 2016, ten in 2017, fourteen in 2018 and sixteen in 2019. In 2020 and 2021, the health crisis and the ensuing uncertainties (with in-store trading subject to the various waves of Covid-19 infection and local policies) prevented store audits from taking place. However, the wave of audits of headquarters resumed at the end of 2021 and will continue until April 2022 in line with the situations prevailing in the various countries. Covering a total of 17 countries, this work, led by headquarters in France, is rounded out by audits led by the countries themselves, most of which are conducted quarterly, adding up to more than 3,000 audits conducted annually in the Foodservice network;
3. awareness-raising programmes in new countries including Chile, Senegal and Mauritania. In 2022, one e-learning module will be launched after testing in France, and another in the United Arab Emirates;
4. digitalisation of daily checks since 2018, thanks to the use of web tools on tablets;
5. the WellDone platform (launched in 2021), which addresses Quality Management and includes one section on Food Safety and Hygiene, and another on monitoring Operational Excellence (3,000 audits carried out in stores in 11 countries, with all three business segments involved). The aim is to continue rolling out this platform throughout 2022.

[1] HACCP: Hazard Analysis Critical Control Point.

In 2020, in response to the challenges of the health crisis, Lagardère Travel Retail launched several initiatives simultaneously:

- creation and roll-out of specific guidelines (Health and Safety Guidelines Covid-19);
- provision of communication tools for all stores to mark out the consumer pathway;
- launch of the Stay Safe, We Care label carrying ten commitments on food safety. The label aims to inform and reassure consumers, who can flash a QR Code to learn about the various sanitary measures in place in the store or restaurant where they are. The label has been circulated to all countries to be adapted and applied locally.

Following the subsidiary's commitments on product sourcing and traceability, some countries have already changed their egg supplies in their entirety when local production volumes allow. This is the case in Italy, Austria, Australia and New Zealand. Others, such as the Czech Republic, Germany, Spain and the United States have already succeeded in modifying a substantial part of their range and are on track to beat the target of 2025 for the change.

Lastly, alongside the food hygiene and safety issues, the subsidiary is becoming increasingly aware of growing demand from contractors and consumers for healthier foods that promote traveller well-being. This has given rise to partnerships with brands that are committed to improving the intrinsic quality of the products or providing locally sourced products.

In addition, some of the company's own brands, such as Relais H Café (the leading brand in French hospitals) and Natoo (currently present in Italy, Austria and Germany), are now spearheading the division's sustainable development strategy, with a very strong emphasis on such features as local products and vegetarian recipes.

A.3 Performance

Indicator	**2021**	2020	2019
Number of countries audited for health and safety during the year	**0**	0	16
Percentage of countries audited for health and safety at year-end	**0**	0	70

As previously explained, the results reported for 2021 and 2020 reflect the health crisis, as audits were postponed until 2022 (17 countries are expected to be concerned by this).

4.3.2 ENVIRONMENTAL IMPACTS OF THE GROUP'S ACTIVITIES

4.3.2.1 Fighting climate change

Increases in the volume and concentration of greenhouse gas emissions caused by human activities has been scientifically proven to accelerate climate change. This global challenge affecting many regions across the world calls for both a concerted international effort involving numerous different countries and smaller-scale initiatives led by individual countries, corporates and citizens. Fighting climate change is a major challenge of our time that needs to be addressed by all companies, both public and private. Taking carbon footprints into account has therefore become essential for any company committed to pursuing a serious CSR strategy.

A.1 Strategy

As a world-leading publisher and a major player in the French media landscape, one of the Lagardère group's main responsibilities on the issue of climate change is to use its ability to raise awareness, inform and educate the general public. Helping to improve the development and sharing of knowledge around climate change, its origins, causes and the various options that exist for reducing its impacts are all topics addressed by the Group's various media over the course of the year as they regularly cover the latest developments in this area.

Beyond this specific responsibility, the Group's activities are largely tertiary in nature, which therefore limits the direct impact it has on the environment and therefore on climate change. Nevertheless, fighting climate change is central to the Group's environmental strategy, which is why it decided to step up its commitment in this area in 2021.

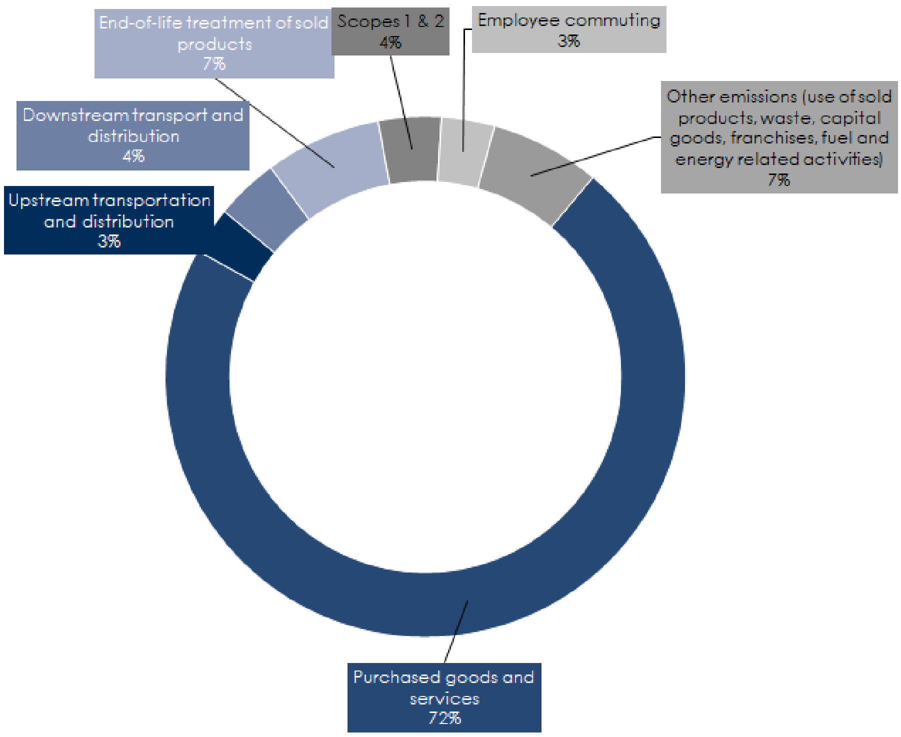
Having calculated its inaugural consolidated carbon footprint in 2016, the Group updated that work in 2021 – its profile having changed over the intervening four years – most notably with a view to setting a Scope 3 reduction target. To achieve this, Lagardère once again worked with the Carbone 4 consultancy, using the carbon audit and GHG Protocol methods. The analyses were conducted on the basis of 2019 data, as 2020 was not representative of the Group's usual level of activity due to the Covid-19 pandemic.

The carbon footprint calculation covered all direct and indirect emissions related to the Group's various operations and sites, both upstream and downstream. In the interests of exhaustiveness contributing to the transparency of the analysis, the decision was made to report on all Scope 3 categories, despite the fact that this required work for some items to be based on estimates and monetary ratios. The analysis therefore contains a measure of uncertainty, notably in respect of the average emission factors used, the calculation assumptions applied, and the extrapolations and estimates made.

Lagardère Publishing, Lagardère Travel Retail and Lagardère News all took part in the process. Specifically, the various countries and activities of the Group that have directly contributed to the development of the Group's footprint, with a coverage ratio equivalent to 71% of the Group's revenue, are as follows:

- at Lagardère Publishing, the countries of operation, namely France, Spain, North America and the United Kingdom (plus Australia and New Zealand) were all covered, as were all relevant businesses with the exception of the Partworks and Board Games activities;
- at Lagardère Travel Retail, France, Italy, the Czech Republic, Switzerland, North America and the Pacific region contributed to the analysis of the division's three business segments (Travel Essentials, Food, Duty Free and Fashion);
- at Lagardère News, all activities were covered;

Breakdown of the Lagardère group's emissions



The Lagardère group's total emissions amount to just over 1,457,000 tCO_2eq, breaking down as follows between the various businesses:

- 36% for Lagardère Publishing;
- 59% for Lagardère Travel Retail;
- 5% for Lagardère News.

As expected, Scope 3, with 96% of emissions, outweighs the rest:

- purchased goods and services (Scope 3): 72% of emissions;
- upstream and downstream transportation and distribution (Scope 3): 7% of emissions;
- end of life end of life treatment of sold products (Scope 3): 7% of emissions;
- employee commuting (based on average data per country) and business travel (Scope 3): 3% of emissions;
- other Scope 3 emissions (use of sold products, waste generated in operations, capital goods, franchises, fuel and energy related activities): 7%.

Direct and indirect emissions (Scopes 1 & 2) account for the remaining 4%.

A steering committee was created in response to these readings. In 2022, it will work to **define the Group's climate strategy** and set a **reduction trajectory aligned with scientific information and international standards**. It will also be tasked with monitoring the implementation of projects and initiatives related to the reduction plan at the operating level, as well as with developing Scope 3 monitoring indicators.

The Group has also decided to analyse the risks associated with climate change (physical and transition risks) in 2022. The aim is to map the main risks and opportunities to inform the resilience plans of businesses liable to be affected. The resilience of the Group's activities and strategy will be examined using qualitative and quantitative tools, and drawing on climate scenario analysis, as recommended by the TCFD. This assessment should help clarify the strategic guidelines to be associated with climate-related issues, including with regard to the global economy's various decarbonisation trajectories.

A.2 Application

On Scopes 1 & 2

The Lagardère group is seeking to minimise the energy consumption of its leased or owned real estate (offices, warehouses, stores) by implementing measures designed to improve energy efficiency, including:

- opting for energy-efficient and/or environmentally certified sites.

  For example, the headquarters of Hachette Livre at Vanves in the Paris area, obtained HQE NF very high environmental standard certification for commercial buildings, as well as the BBC energy efficiency label. The new headquarters of Hachette UK, Carmelite House, has BREEAM certification;
- using offices in a rational and pragmatic way. The Group's office premises are increasingly being configured for optimal daily energy consumption (LED lighting, occupancy sensors, labelled computer equipment, equipment sharing, etc.);
- rolling out energy optimisation programmes across the international network of stores operated by Lagardère Travel Retail, involving such actions as switching to LED bulbs and using refrigerators with doors and equipment that consumes less energy.

In continuation of these efforts, in recent years Lagardère has also carried out numerous energy audits on industrial and service sites and within its store network in France. The findings of this work serve to enrich the sites' energy efficiency action plans.

The Group also seeks to promote the use of energy from renewable sources. In late 2018, the Group switched to clean electricity to supply all of the sites that it controls in France. The Group now intends to examine the feasibility of extending this approach internationally.

On Scope 3

At Lagardère Publishing, the various measures implemented to ensure the traceability of paper and book manufacturing have made it possible to display two labels on all French language books for the last five years: the carbon footprint of the item and the source (certified or recycled) of the fibres used in its production.

The action plan to be drawn up from 2022 should allow for the adoption of a greater number of initiatives geared towards reducing Scope 3 emissions.

A.3 Performance

The consumption shown in the table below covers all the activities of the Lagardère group.

The data factor in the direct (Scope 1) and indirect (Scope 2) energy consumption of all the offices, points of sale, stores, warehouses, server rooms, radio broadcasting sites, venues and sports academies used for the Group's activities in all the regions indicated above.

For Lagardère Travel Retail, there is some uncertainty over the exact amount of consumption. The division operates more than 4,800 points of sale worldwide and does not always have access to energy bills detailing the consumption of each point of sale, as energy costs are often included in the charges paid to licensors (airport/station owners).

As a result, operating staff responsible for reporting consumption data for the store network operated in each region are sometimes required to make estimates using average kWh/sq.m./month, data based on the surface area and type of point of sale.

Group tertiary energy consumption, worldwide (in GWh)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	**2021**	**35**	**30**	**65**
	2020	35	31	66
Lagardère Travel Retail	**2021**	**11**	**160**	**171**
	2020	9	152	161
Other Activities	**2021**	**6**	**10**	**16**
	2020	5	10	15
Total	**2021**	**52**	**200**	**252**
	2020	**50**	**192**	**242**

Group GHG emissions, worldwide (in tCO_2eq)[1]

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	**2021**	**6,587**	**6,724**	**13,311**
	2020	6,625	6,764	13,389
Lagardère Travel Retail	**2021**	**1,989**	**66,312**	**68,302**
	2020	1,707	63,493	65,200
Other Activities	**2021**	**1,080**	**793**	**1,873**
	2020	854	600	1,454
Total	**2021**	**9,656**	**73,830**	**83,486**
	2020	**9,186**	**70,857**	**80,043**

Indicator	2021	2020
CO_2 emissions per €m of revenue (in tCO_2eq)	**16.3**	15.8

The slight increase in consumption and emissions in 2021, particularly at Lagardère Travel Retail, was attributable primarily to a timid recovery in business over the course of 2021, after 2020 was marked by the closure of many stores in the various countries where the Group operates as a result of the health crisis.

In general, the changes in reported energy consumption and greenhouse gas emissions, depending on the division and type of energy, reflect:

- changes in organisational structure, with new entities and/or new buildings entering the environmental reporting scope;
- a better understanding within an entity of the various sources of energy consumption.
- internal organisational changes (often due to refurbishment or renovation works) that may be temporary or permanent, and lead to increases or decreases in energy consumption;
- a change in the emissions factors used to convert energy into CO_2.

The carbon intensity ratio refers to the Scope 1 & 2 emissions presented above.

The slight nature of the increase between 2020 and 2021 is obviously attributable to the timid recovery in business for Lagardère Travel Retail, the main

[1] The 2020 emissions have been recalculated to take into account the changes made in 2021 to the emission factors used.

contributor to the Group's energy consumption though its extensive store network.

4.3.2.2 Resource management, anti-waste measures and the circular economy

Products essential to the deployment and development of the Group's activities involve the use of many natural resources. This reliance requires the implementation of mitigation measures to limit the negative environmental impacts generated by these activities. The Group's vigilance on this issue must meet the growing expectations of customers, consumers and other stakeholders.

In this area, and in view of its legacy and growing activities, the Group's commitments cover three main items, namely paper, food waste and plastic.

Paper is historically the Group's predominant raw material. When produced from renewable sources, paper can be a quintessentially eco-friendly material – if the impacts of its production are managed properly. Like any product, paper leaves an environmental footprint throughout its life cycle, from the forest and purchase of raw materials to production and recycling unsold copies. Paper pulp is a globalised resource that is imported from many countries and transported worldwide. As a result, each of the steps in the paper manufacturing process can combine several sources. This explains the need for vigilance, particularly in supply management.

Furthermore, in view of the growing importance of the Foodservice business at Lagardère Travel Retail, and the financial, environmental and social challenges related to food waste, it is imperative to take action to encourage production and consumption patterns to embrace more sustainable practices.

Lastly, the fight against plastic pollution has also become a priority for the Group's activities, which have begun making tangible progress on this issue since 2020.

In addition to these three major priorities, the Group's subsidiaries are also committed to eco-design and refurbishments of its stores.

A.1 Strategy

Through its Lagardère Publishing subsidiary, the Lagardère group has long led a policy of responsible paper management which applies throughout the paper life cycle. From supply to production to the management of returns, Lagardère works with all its trade partners involved at every stage.

The Group seeks first and foremost to increase from year to year the proportion of purchases of certified paper sourced from sustainably managed forests, in other words those where the amount of wood cut each year does not exceed the amount of biomass that has grown that same year, thereby guaranteeing the maintenance of the carbon stock in the forest rather than allowing forests to be overexploited or entire areas to be deforested. It also endeavours to use recycled paper wherever possible. Whether paper is purchased directly from paper manufacturers or supplied by the Group's regular printers, the policy is to prioritise printing on PEFC or FSC certified paper. Buying certified paper also has consequences for the preservation of biodiversity, since the sustainable approach involves controlling forest resources, and also takes into account criteria such as the productive and protective functions of forests, biological diversity, and forest health and vitality.

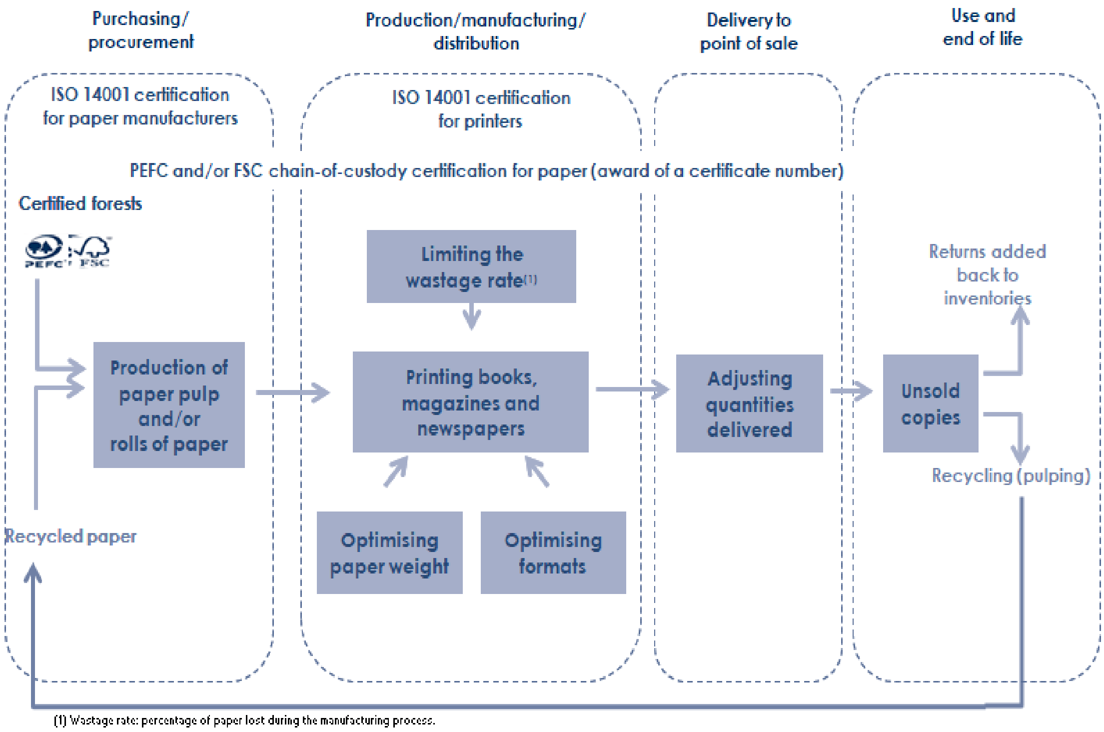
Meanwhile, Lagardère Travel Retail is rolling out five initiatives in its operating entities to combat food waste, an issue on which the subsidiary has made a resolute commitment by proposing solutions to customers and employees and by implementing appropriate reduction measures.

On the issue of plastic pollution, Hachette Livre initiated an action plan in 2021, drawing on the findings of an audit conducted in 2020. Meanwhile, Lagardère Travel Retail is working to gradually eliminate single-use plastic from all internal brands.

At the local level, in each of the relevant business units, the technical teams in charge of paper manufacturing and/or procurement, as well as the operational teams in charge of the stores, support and embody this strategy on natural resources, thereby contributing to the gradual reduction of the negative impact of the Group's operations.

Paper cycle

The main raw material used to make paper is wood, which is a renewable resource. The wood is processed into a pulp which is used to make reels of paper. The reels are shipped to the printer to be made into books, magazines and newspapers. Once used, these products can be collected and recycled to be used as a raw material for the production of recycled paper pulp.



A.2 Application

Paper procurement

Over the years, initiatives focusing on traceability and monitoring of the quality of paper purchased directly or supplied by printers have made it possible to significantly reduce the proportion of fibres used for publications whose origin cannot be traced and/or to ensure that no fibres are used from forests that are not replanted.

Several measures are implemented alongside responsible paper procurement to control the quality of paper purchased.

Lagardère Publishing asks its suppliers in Asia to ban certain qualities of paper that do not meet the requirements (traceability, fibres from sustainably managed forests, etc.).

At the end of 2016, Hachette Book Group launched a programme to verify fibres sourced from Asia that are introduced into the paper it purchases. Each quarter, samples of the paper used for publications distributed by the US subsidiary are tested to obtain assurance that the paper purchased from Asian markets is from suppliers that respect their environmental commitments. To do this, Hachette Book Group has contracted a specialist laboratory to test the fibres of inside pages, cover pages, sleeves and book covers which are selected at random from among the publications printed in Asia. The aim is to ensure that no precious exotic woods are mixed into the weave and that the paper meets the specifications of Lagardère Publishing.

This programme was progressively extended to all Lagardère Publishing entities in France, the United Kingdom and Spain. This represents a significant initiative that rounds out and reinforces the subsidiary's policy of purchasing certified and recycled paper.

In 2010, the Group's Press business committed to using only certified PEFC (or recycled) paper printed by certified suppliers, allowing it to place its printers' "PEFC certified" logo on mastheads and in credits.

Recycled paper is very well suited to the production of newsprint. *Le Journal du Dimanche* is printed entirely on recycled paper. However, as the supply of recycled paper for magazines remains limited due to the significant volumes required and small number of suppliers in the market, certified paper is preferred.

The Group's operating staff in charge of paper procurement have for some time run a policy to raise awareness of environmental issues with their paper suppliers and printers, both in France and abroad, by encouraging certification. Consequently, around 97% of the paper purchased by Lagardère Publishing was sourced from ISO 14001-certified suppliers.

Monitoring paper consumption

Operating staff have adopted a number of initiatives to limit wastage (percentage of paper wasted) during the production process (printing and after-press). The wastage rate is calculated by comparing the amount of paper used in the printing process with the amount of paper delivered in the form of books, newspapers or magazines. The rate can vary greatly depending on the printing technology used (type of machine or colours) and the number of books or magazines produced (the print run).

As part of the policy for reducing the paper wastage rate, the teams concerned determine the best technical inputs and carry out detailed calculations of the amount of paper to be allocated to the printer. Improving wastage rates is a key factor in negotiations with printers.

Paper consumption and wastage rates are monitored regularly to:

- validate the choices of printers, optimal printing techniques and paper (optimisation of reel width and paper size);
- calculate the number of copies of magazines and newspapers to print according to sales statistics;
- identify new technologies that could be used (rotating rapid-calibration tools, automatic setting of ink devices);
- implement rigorous printing press control procedures and optimised machine calibration (inking, size of paper cuts, etc.);
- inform editorial managers of the most economical formats to help them best meet market requirements;
- define and validate the best paper allocation schedules in conjunction with each supplier;
- identify areas for continuous improvement in conjunction with suppliers.

Adjusting the format of publications is another way of optimising book and magazine production. Lagardère Publishing offers a large range of single-format textbooks by title that are optimised to reduce the paper wastage rate in production. Compact textbooks have proved popular with teachers, buyers and pupils, who welcome lighter school bags.

Print-on-demand technology also helps to reduce paper consumption while limiting greenhouse gas emissions for production, storage and transportation. The Group has developed the use of this technology in France, the United States and the United Kingdom, and its catalogue continued to expand in 2021.

In France, Hachette Livre is also using print-on-demand technology as part of a large-scale project launched in association with France's national library (*Bibliothèque Nationale de France*), to enable a selection of more than 200,000 works to be made available for purchase via Hachette Livre's network of bookstores.

Waste paper

At Lagardère Publishing, unsold copies that are not crushed to be recycled and to go entirely into the recycled paper channel are reintegrated into the publishers' inventory.

The Group's Press activities take action upstream to reduce the rate of returns, optimising the number of copies of each title sent to stores. Returns are an inevitable part of newsstand sales; to manage them as effectively as possible, sales managers use specialist software to constantly fine-tune quantities printed and delivered. Over many years, these actions have reduced rates of returns to below the national average.

Fighting food wastage

With the fight against food wastage now a major public policy issue, Lagardère Travel Retail is striving to contribute to it across all of its operating regions by rolling out a certain number of complementary measures to reduce food loss. Optimising production, preserving food, preventing waste, processing uneaten food and transferring unsold products are the cornerstones of the subsidiary's strategy.

To optimise production, Lagardère Travel Retail and its entities choose fresh, seasonal and less perishable ingredients, and favour on-site preparation to remain aligned with demand and avoid overproduction. Products are produced regularly, but in quantities sized to match demand. For example, the products produced or purchased by Lagardère Travel Retail's Czech subsidiary are vacuum-packed to extend their shelf life.

As regards food preservation, in the Netherlands, a product called Slowd – which absorbs ethylene contained in fresh produce, slowing down the maturation process – is used to perfectly preserve fresh produce such as fruit, vegetables and herbs for up to 30 days.

To prevent waste as much as possible, happy hours are organised at the end of the day to limit food loss (Bulgaria, Czech Republic, Poland, Romania). In some countries, customers' awareness of the fight against waste is raised through online and in-store communication campaigns. In France, the Too Good To Go app enables customers to buy unsold meals online at reduced prices. In the Czech Republic, a milk dosing system for hot drinks has been set up at Costa Coffee to reduce wastage as well as to improve food security in view of its short shelf life.

Several initiatives are in place to address the transformation of uneaten food. In the Czech Republic, for example, the coffee grounds generated by Costa Coffee branches are made available to both customers and a gardening association. At UGO juice bars, there are plans to transform unused fruit and vegetables into compost.

At the end of the chain, the transfer of unsold goods is a particularly appropriate final link. Whether used for animal feed (unsold food unfit for human consumption) or to assist vulnerable people, the end of life of unsold food serves a social purpose. The examples below show the range of possible solutions that Lagardère Travel Retail is committed to implementing in all its regions of operation:

- distribution of unsold products to zoos, circuses and animal shelters in the Czech Republic and Romania;
- partnership in Romania with Caritas, a not-for-profit organisation, under which on four days each week, employees from several points of sale deliver products nearing the end of their shelf life, as well as two other bodies, the Life and Light Foundation and the Metropolis Foundation. Caritas then redistributes the products to disadvantaged children and elderly people;
- cooperation with charities for the homeless such as the Salvation Army in the Czech Republic;
- cooperation with local food banks in the United States and Italy.

An international initiative was also carried out in 2021 to facilitate close monitoring of the rate of wastage, to set objectives by type of business (fast food, table service, etc.), to identify and share best practices and to develop tools to support operational teams in the waste reduction strategy.

New initiatives have also emerged in some countries:

- In the United States, "The Good Program" uses a dedicated app to distribute unsold sandwiches among charities at the end of each day;
- in France, teams have launched the "Fini le Gaspi" (No More Waste) programme in hospitals: an hour before outlets close, reductions of 50% are offered on unsold sandwiches and pastries.

Plastic reduction

Driven by a constant determination to reduce their environmental footprint, the Lagardère group's subsidiaries successfully made progress on plastic reduction in 2021, despite the persistent challenge of the health situation.

Hachette Livre France launched a comprehensive review of its use of plastic throughout its processes. The aim is to obtain a precise measurement of the plastic footprint within the manufacturing and distribution chains. Throughout the second half of 2020, detailed mapping was carried out to determine the various types of materials and volumes of plastics used in production (banners, lamination or protection for books or boxes, etc.) and logistics (film for securing pallets, packaging, etc.). A comparable review is now also under way on partworks, aligned with the specific nature of that activity. In 2021, a plastic footprint reduction trajectory and a 2030 action plan were laid out. The action plan, which is to be implemented from 2022, has four main thrusts: reduction in plastic volumes (elimination of non-essential uses, eco-design); improvement in the material mix (responsible purchasing, choice of plastics sourced from established circular channels); changes in structure to facilitate the rollout of the approach (installation of industrial innovations, involvement of all business lines); and commitment of the ecosystem (interprofessional initiatives, communication, etc.).

In late 2019, Lagardère Travel Retail decided to eliminate all plastic consumables provided with food products manufactured by its proprietary foodservice brands worldwide. This initiative was implemented in France in July 2020 and was gradually extended to most of Europe, as well as to Australia and New Zealand from December 2020.

This major change was possible thanks to quick work by departments and countries to identify products and suppliers meeting the new specifications so as to facilitate the transition. In tandem with this approach, the division has reviewed the way it uses plastic consumables overall in order to reduce their volumes and optimise the impact of its commitment in this area.

Lastly, fully rPET packaging will increasingly be used for beverages, representing an estimated two-thirds of volumes in 2022.

The decrease observed between 2020 and 2021 in the proportion of revenue generated by Lagardère Travel Retail's catering activities (proprietary concepts) that have switched to environmentally-friendly consumables and outlawed the use of single-use plastics (see table below), is attributable to the shortage of raw materials and a lack of alternative solutions, which have forced countries to revert to the use of plastic for certain consumables, such as cup lids.

Eco-design

Lagardère Publishing aims to provide all its employees with practical steps to follow on this issue. In France, Hachette Livre organised an Eco-design Week in 2021, with the aim of introducing or intensifying eco-design practices within teams. The event resulted in the co-construction of to-do sheets enabling everyone to adopt best practices at each stage of a book's life cycle from choice of raw materials to editorial, manufacturing, transport, distribution, end of life and recovery. The aim is for these documents to be developed collaboratively on an ongoing basis and circulated throughout the organisation. Another Eco-design Week will be held in 2022.

Store refurbishments

The refurbishment of Relay stores at Lagardère Travel Retail in France regularly provides an opportunity to adopt anti-waste and circular economy principles. The process involves recovering equipment (coffee grinders, ovens, microwaves, LED projectors, cold cabinets, ice machines, refrigerated display cases, dishwashers, glasswashers, etc.) or fittings (lockers, counters, consoles, gondolas, furniture, bins, tables, etc.) that are still in good condition, and reusing and reinjecting them back into the network. In the same vein, some Relais H table legs are cleaned and reused with new tops to make new tables. Lastly, the modernisation of all Lagardère Travel Retail stores launched in France in the second half of 2020 includes equipping them with sorting bins (liquid, plastic bottles, organic waste), particularly in its Foodservice units and Relais H outlets.

A.3 Performance

Indicator	2021	2020	2019
Weight of paper purchased directly (in kilotons)	**135.1**	121.5	123.3
Weight of paper supplied (in kilotons)	**44.4**	38.5	29.3
Total weight of paper purchased and supplied (in kilotons)	**179.5**	160.0	152.6
Percentage of certified paper	**95**	95	>87
Percentage of recycled paper	**4**	3	<10
Percentage of Foodservice revenue in countries that have a waste measurement system and run waste reduction initiatives[1]	**49**	33	-
Percentage of Foodservice revenue in countries that have switched to responsible consumables and banned single use plastic consumables in proprietary brands[1]	**48**	65	-

[1] Data reported for the first time in 2020.

4.3.4 RESPECT FOR HUMAN RIGHTS

4.3.4.1 Respect for privacy

With the explosion in the amount of data available online and the surge in cyber-attacks in recent years, personal data protection is a major social issue that requires increased responsibility and vigilance.

Since the adoption of the General Data Protection Regulation (GDPR) applicable in France and all EU Member States as of 25 May 2018, this issue has been brought into the spotlight and to the public's attention, requiring the close involvement of the relevant authorities. Legal precedent has begun to be established, particularly concerning sanctions and the exercise of certain rights such as the "right to be forgotten".

A.1 Strategy and application

The Group's information systems contain personal data on Group employees and third parties, in particular, including magazine and partworks subscribers, the travelling public (duty free) and website visitors (media, education).

The Group has been actively implementing the GDPR since 2016 with the full support of General Management. After initial awareness-raising initiatives run by the Group in its divisions as from mid-2016, a dedicated task force was set up at Group level, comprising the Data Protection Officer (DPO), the Group IT Director and the Chief Compliance Officer.

A Steering Committee has also been set up with the divisions under the responsibility of the DPO, and a network of officers created in the divisions. This has made it possible to establish a Group policy and to validate the various applications, tools and policies for compiling information on data processed, ensuring that personal data are duly protected and managing personal data breaches. On the latter point, the Group Chief Information Security Officer also proactively monitors the Internet to identify content leaks, particularly leaks of personal data.

The GDPR compliance programme is now part of the Group's continuous improvement process, alongside all other risk management and compliance programmes. In 2022, a specific indicator will be introduced to better measure the level of IT security related to the processing of personal data. Internal audit assignments are regularly conducted on this programme, which is also regularly monitored by the Group's Audit Committee.

Issues related to the protection of personal data are also described in the Risk Factors chapter, under the heading "Risks associated with data security" (see section 3.2.6.5).

4.3.4.2 Respect for fundamental freedoms

In an increasingly transparent world, companies must explain how they respect human rights in their operations and value chains.

It is the responsibility of governments to transpose international human rights obligations into national legislation and ensure they are applied. But companies must also respond to the objective and challenge to enforce internationally recognised human rights. As business organisations have some control over the human rights of their employees and contractors, the people who work for their suppliers, the communities that revolve around their business activities, and the end users of their products and services, many nations have passed regulations that set out protective measures to prevent human rights violations by companies, including laws on employment, discrimination, the environment, and health and safety.

Business conduct can therefore have a direct or indirect positive or negative impact on human rights. For the Lagardère group, human rights issues can be split into three main categories.

First, activities in the areas of culture, education and knowledge are linked to and have a positive impact on a number of human rights (right to freedom of opinion and expression, right to education). This positive impact is described in detail in section 4.3.1.3.

Second, human rights affect all Group employees and cover risks associated with working conditions, health, safety and security, and discrimination. In addition to the information above, section 4.3.1.2 goes into further detail on the Group's policy on diversity and gender balance in human capital.

Lastly, the risk of human rights violations is also considered to be a priority in the supply chain and sustainable procurement, and in the relations that the Group's operating entities maintain with their suppliers and subcontractors. Section 4.2.1.3.B describes the Group's policy on relations with its value chain in greater detail.

A.1 Strategy

Since it signed the Global Compact in 2003, the Lagardère group has pledged to make respect for human rights and fundamental freedoms a key focus of its sustainable development policy. Although the Group's businesses are service-oriented, which tends to limit its negative impacts, all Group employees take steps to ensure that business development and growth do not conflict with respect for human rights.

In addition, the Lagardère group undertakes to uphold internationally recognised human rights set out in documents such as the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the fundamental conventions of the International Labour Organization, and the Guiding Principles on Business and Human Rights (implementing the United Nations "Protect, Respect and Remedy" Framework, or Ruggie Principles).

The Group's Code of Ethics also outlines a set of guiding principles which employees undertake to apply, including individual respect, working conditions and social dialogue – all issues to which the Group is strongly committed.

The Code formally prohibits discrimination and any form of harassment, capital punishment, or mental or physical coercion.

As regards working conditions, the Lagardère group is committed to applying the laws in force governing health, hygiene and safety at work, and to taking all necessary precautions to keep the working environment safe and secure for all. Where there is a risk to life and limb, the Group recognises employees' right to withdraw their labour in accordance with the law. The Group also strives to reduce occupational health risks, ensuring that all employees are sufficiently well-informed to carry out their duties, and committing to maintaining open social dialogue so that issues can be dealt with effectively at the local level.

For a detailed discussion of social dialogue, see section 4.2.1.3.A.

A.2 Application

On the topic of health and safety, each division has a policy to reduce occupational health risks through preventive action and training. The Lagardère group monitors the indicators covering work-related accidents and their prevention.

Amid the pandemic in 2020, one of the main priorities was to ensure the health and safety of all Group employees, particularly those who could not work from home (logistics centres, store network, radio technicians). This involved strict application of safety measures, implementation of procedures and protocols, disinfection rules, team rotation, and the provision of masks and hand sanitiser to all employees concerned. In all Lagardère Travel Retail stores, measures were implemented or reinforced to ensure the safety of both employees and customers. They included management of traffic flows and pathways, development of take-away offers (Pick & Go), emphasis on contactless payments and the installation of plexiglass protective screens for checkouts.

In 2021, for all jobs that allowed it, home working continued to be the norm, with a return to the office on a case-by-case basis depending on decisions taken by each government at the national level, and always in strict compliance with health regulations and with the implementation of rosters between departments and functions so as to limit the number of employees present in offices.

In addition, all the human resources teams supported employees through substantial social dialogue and a wide array of internal communications.

Over the past several years, the Group has used four indicators to report any human rights violations in which one of its operating entities may be directly or indirectly involved. The number of formal disputes involving discrimination, forced labour, child labour and harassment was monitored to measure the maturity level of Group companies.

A.3 Performance

Indicator	2021	2020	2019
Number of formal disputes involving discrimination	**9**	10	16
Number of formal disputes involving forced labour	**1**	3	5
Number of formal disputes involving child labour	**0**	0	0
Number of formal disputes involving harassment	**4**	10	11
Percentage of workforce covered by employee representation at 31 December	**71**	73	71

Number of work accidents and days' absence due to work accidents[1]

Division	Number of accidents	Number of days of absence due to work accidents
Lagardère Publishing	109	3,751
Lagardère Travel Retail	206	9,779
Other Activities	24	1,012
Group total 2021	**339**	**14,542**
Group total 2020	294	17,630

Frequency and severity rate and lost time[2] related to work accidents

Division	Frequency rate		Severity rate	
	2021	2020	2021	2020
Lagardère Publishing	9.36	8.26	0.32	0.40
Lagardère Travel Retail	5.69	5.69	0.27	0.38
Other Activities	15.12	8.00	0.64	0.43
Group total 2021	**6.86**	**6.42**	**0.29**	**0.39**

Social dialogue and health and safety

Indicator	2021	2020	2019
Percentage of the workforce at an entity with a health and safety committee	**86**	92	93
Percentage of the workforce at an entity with regular health monitoring	**95**	67	57
Percentage of training hours dedicated to health and safety	**19**	8	13

Given the specific situation prevailing in 2020, during which a large proportion of the Group's employees were placed on furlough, the frequency and severity rates published are likely to have been underestimated. These rates are based on a theoretical number of hours worked, generally aligned with a legal framework. However, that theoretical calculation does not fully reflect the furlough measures resulting from the health crisis.

[1] Reported work accidents and days of sick leave include commuting accidents deemed to have occurred in the course of work.

[2] Frequency rate = (number of work accidents resulting in lost time x 1,000,000)/theoretical number of hours worked. Severity rate = (number of days of lost time x 1,000)/theoretical number of hours worked.

The frequency rate increased mechanically in 2021 compared to 2020, due in particular to the business resumption at Lagardère Travel Retail , but remains underestimated in 2021 insofar as the division continued to use furlough schemes.

Furthermore, several formal disputes[1] involving harassment, forced labour and discrimination were recorded in 2021.

Of the 14 disputes recorded, 64% concerned entities located in the United States and 29% were related to entities located in France. Lastly, 64% of the disputes concerned discrimination and 29% harassment, with the remaining 7% corresponding to one case of forced labour.

The outcome on the forced labour case was in favour of the entity (complaint dismissed by the competent authority).

Of the total of nine discrimination disputes, one was decided in favour of the entity further to arbitration (complaint dismissed by the competent authorities), three were settled out of court and the other five are still awaiting settlement.

All four cases of harassment identified are awaiting settlement.

4.3.5 PREVENTING CORRUPTION

Due to the broad diversity of its businesses and those of the outside organisations with which it deals, and its international operations and/or expansion in countries that may be vulnerable to political or legal upheaval, the Group is exposed to risks, including corruption (see section 3.1.3.2).

A.1 Strategy

The Group has adopted a zero-tolerance policy in respect of corruption. This policy has taken shape in a special compliance programme that has been gradually implemented since 2013. The programme includes an anti-corruption policy applicable to all, setting out the Group's ethical standards.

As such, the Group refuses to promise, offer, authorise, grant, solicit or accept illicit payments or other undue benefits with a view to winning or retaining contracts, illegally influencing the decision-making process, abusing any real or supposed influence on a third party to obtain a favourable decision or any other illegitimate advantage.

Overseen by the Group Compliance Department, this policy is applied through specific procedures that provide a framework for business activities deemed at risk, as well as control processes to ensure procedures are followed. In addition, an ethics whistleblowing line, effective since 2020, can now be used by all Group stakeholders to report any acts of corruption.

A.2 Application

The anti-corruption programme is designed and coordinated centrally by the Group Compliance Department. It has been implemented gradually since 2013 and applied by the operating entities.

On the ground, Compliance Correspondents communicate anti-corruption principles through training and provide operational staff with assistance and support in analysing risks, carrying out the necessary due diligence on future partners, taking appropriate measures to prevent the occurrence of acts of corruption and answering questions from employees.

Managers and employees are trained in anticorruption issues. They are required to comply with regulations in force and to apply the anti-corruption policy in their relations with all third parties, including governments, quasi government bodies, and public and private customers and suppliers. When the Group embarks on external growth transactions, specific due diligence is conducted to identify any corruption risks. Furthermore, the Group prohibits political donations.

Issues related to business ethics are also described in the Risk Factors chapter of this document, under the heading "Business ethics" (see section 3.2.6.5).

A.3 Performance

Anti-corruption performance is monitored at several levels:

[1] Formal dispute means any legal action or claim officially filed with competent authorities.

- a dashboard is updated each quarter to monitor the implementation of anti-corruption procedures, training provided and actions identified;
- any significant issues are reviewed by the Financial Committee and undergo specific analysis to measure compliance risks, including corruption risk;
- internal control procedures cover compliance aspects;
- lastly, internal audit regularly checks the implementation of the anti-corruption programme at the different entities.

4.4 CSR, MONITORING OF OTHER INFORMATION

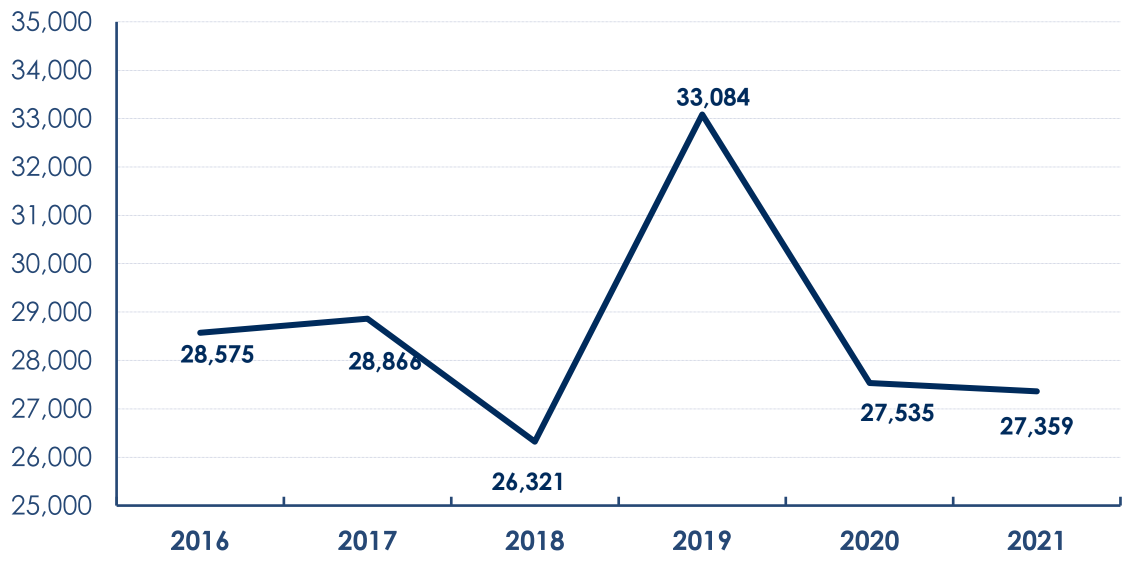
In addition to the information provided for the risk analysis, the section below covers the social, environmental and societal information that the Group monitors as part of its CSR policy, and which may supplement the qualitative and quantitative strategic information previously disclosed.

4.4.1 SOCIAL INFORMATION

A.1 Workforce

The sharp fall in the permanent workforce between 31 December 2019 and 31 December 2020 (shown in the graph below) reflects the drop in Lagardère Travel Retail's workforce (down 22%) as a result of the health crisis. At 31 December 2021, the Group's workforce was stable, reflecting the still timid recovery in the Travel Retail sector.

Changes in permanent workforce at 31 December[1]



Workforce by division at 31 December 2021

Division	Women	Men	Total	2020/2021 change
Lagardère Publishing	4,265	2,654	6,919	-1%
Lagardère Travel Retail	12,865	6,472	19,337	0%
Other Activities	518	585	1,103	-10%
Group total 2021	**17,648**	**9,711**	**27,359**	**-1%**

[1] Permanent workforce numbers set out here correspond to the number of employees on permanent contracts who were actually in service on the last day of the year concerned. As employee turnover is high, particularly in Travel Retail, a consistent definition cannot be applied over time to determine the number of employees. This figure reflects some degree of uncertainty (just over 2%) despite the controls performed.

Permanent workforce by age group

Division	Under 30	Age 31-40	Age 41-50	Age 51 and over	Total
Lagardère Publishing	1,295	1,824	1,862	1,938	**6,919**
Lagardère Travel Retail	6,172	5,177	3,906	4,082	**19,337**
Other Activities	167	282	316	338	**1,103**
Group	**7,634**	**7,283**	**6,084**	**6,358**	**27,359**
Percentage	55%		22%	23%	

A.2 Social dialogue

Number of collective agreements in force

Indicator	2021	2020	2019
Number of collective agreements in force at 31 December	**531**	533	530
Number of collective agreements signed during the year	**105**	126	105

Percentage of the workforce covered by collective agreements, by type

Type of agreement	Gender balance	Hygiene, safety, working conditions	Inclusion of employees with a disability	Employee welfare benefits	Working hours	Training	Remuneration
Group total 2021	**48%**	**64%**	**36%**	**57%**	**72%**	**44%**	**70%**
Group total 2020	48%	51%	37%	58%	75%	43%	68%

A.3 Organisation of working hours

Group entities have set up work organisation schemes that provide the flexibility to meet the specific requirements of their operations, with overtime hours, fixed-term contracts and temporary employment. This flexibility – which is required for the organisation of working time – does not, however, jeopardise the Lagardère group's compliance with legal regulations specific to each country, particularly in terms of working hours and overtime.

Due to the nature of its press and live entertainment production activities, from time to time the Lagardère group calls on the services of specific employee categories, namely freelance journalists, entertainment workers, and other contract employees such as proofreaders and events staff.

Calculated on a full-time equivalent (FTE[1]) basis, the total number of non-permanent and

[1] The FTE figure is obtained by adding together all the employees who worked for the Group over the course of the year, based on their standard working hours and the hours they actually worked over the twelve months concerned. For example, an employee who works half a week for six months of the calendar year is counted as 0.25 FTE (0.50 x

temporary workers stood at 7.2% of the Lagardère group's total FTE workforce in 2021, compared with 8.6% in 2020.

Employees on fixed-term contracts[1] (FTE basis)

Division	2021	2020
Lagardère Publishing	**205**	261
Lagardère Travel Retail	**1,041**	1,406
Other Activities	**93**	77
Group	**1,339**	1,744

Contract employees[2] (FTE basis)

Division	2021	2020
Lagardère Publishing	**99**	54
Lagardère Travel Retail	**0**	0
Other Activities	**368**	808
Group	**467**	862

Number of temporary hours[3] worked during the year on a FTE basis

Division	2021	2020
Lagardère Publishing	**552**	381
Lagardère Travel Retail	**78**	139
Other Activities	**1**	3
Group	**631**	523

4.4.2 SOCIETAL INFORMATION

A.1 Strategy

In keeping with its business lines, the Group's approach to corporate citizenship and social involvement in the fields of culture and education is mainly expressed through the Jean-Luc Lagardère Foundation, which was created in 1989 under the auspices of the *Fondation de France*.

The Foundation was set up to implement Lagardère's commitment to culture, community and youth. In view of its mission, the Foundation also promotes social patronage in sports, and

0.50). This measure is particularly relevant for analysing the non-permanent workforce, given that reporting a figure as at 31 December would not reflect the actual situation for this occupational group.

[1] Non-permanent employees = employees on fixed-term contracts.

[2] Contract employees alternate between periods worked and down time to meet the company's specific requirements.

[3] The number of temporary hours worked includes the use of employees from temporary employment agencies. Temporary employees sign a contract under which they provide their services for a fixed period, which is invoiced to the entity. The individual is not registered in the entity's payroll and is paid by the temporary employment agency.

works in various other fields such as medicine and science – especially in research and through actions at the level of universities and business schools. The Foundation develops a number of programmes to promote cultural diversity, encourage creation and promote access to education and culture for all. The Lagardère group is also keen for its Foundation to encourage its employees to get involved in their community.

The Lagardère group has demonstrated a long-standing responsibility to the community and to society at large through its range of brands. As a creator of social ties and fully aware of society's expectations, the Group strives, through various partnership or sponsorship operations conducted directly by its operating entities, to make its philanthropic strategy consistent with the following pillars:

- culture, education, accessibility of content, freedom of expression;
- the fight against hunger and food waste;
- health and medical research;
- social inclusion through sport.

The programmes developed by the Foundation and implemented at business divisions therefore address numerous UN Sustainable Development Goals, especially 1 to 5, 8 to 12 and 16.

A.2 Deployment and performance

Jean-Luc Lagardère Foundation

At the heart of the Lagardère group's commitment to the creation of culture lie the prestigious awards presented by respected panels to talented young people under the age of 30 (or under 35 for certain categories) in the culture and media domains, in the following categories: Documentary Film-maker, Animated Film-maker, Writer, Print Journalist, Bookseller, Musician, Photographer, Film Producer and Television Scriptwriter.

Since the inaugural Jean-Luc Lagardère Foundation awards in 1990, 342 prize-winners (10 in 2021) have received a total of €7,080,000 including €170,000 awarded in 2021.

Several of the Foundation's prize winners enjoyed great success in 2021. To cite just a few examples: *Adieu les cons*, produced by Catherine Bozorgan (2008 Film Producer winner) won seven prizes at the 2021 César Awards. Mohamed Mbougar Sarr (2018 Writer winner) received the 2021 Goncourt Prize for *La plus secrète mémoire des hommes* (Philippe Rey/Jimsaan), a novel for which he received a grant from the Jean-Luc Lagardère Foundation. Meanwhile, François-Henri Désérable (2013 Writer winner) received the Grand Prix du Roman, the Académie française's literary prize, for *Mon maître et mon vainqueur* (Gallimard). Florian Zeller (2002 Writer winner) saw his debut film *The Father* win two of the six Oscars it was nominated for.

The Jean-Luc Lagardère Foundation's prize-winners also regularly participate in other programmes run by the Foundation, as illustrated by the examples below:

- as part of the partnership with the French Academy in Rome, Villa Medici, and in particular support of its Résidences Médicis programme of short-term residencies for artists and researchers from all disciplines (visual arts, photography, comics, screenwriting, etc.), three Foundation prize-winners were hosted for one-month residencies in 2021;
- as part of a partnership with Studio 13/16 at the Centre Pompidou, a venue blending life and art, exclusively for teenagers aged 13 to 16. Open since September 2010, Studio 13/16 has already welcomed nearly 80,000 young people and shown the work of more than a hundred artists and collectives. In 2021, two prize-winners took part in its programming, which combines on-site, off-site and digital formats. In a series of posts on Studio 13/16's Instagram, Léo Verrier (2009 Animated Film-maker winner) took young people behind the scenes of the preparation of his next animated short film. Off-site, Carolina Arantes (2015 Photographer winner) met with 13 young people to get a better grip of their unique experience during lockdown and to build a contemporary photographic portrait of a younger generation in need of support;
- as part of the Foundation's support for the Marathon des Mots festival, an annual event that honours hundreds of writers and artists from around the world, Salomé Berlemont-Gilles, (2020 Writer winner) was invited to give a reading of her novel *Le premier qui tombera* (Grasset). With the help of author and actress Annie Ferret, she also produced a podcast featuring three excerpts from her novel on the new online Marathon platform, created in 2020 as a result of the pandemic.

The Foundation also continued its efforts to promote literature and cultural diversity in 2021 by supporting literary events at the Institut du Monde Arabe (IMA). Entitled *An hour with...*, this event spotlights an Arabic or French language author every Saturday afternoon around a discussion of the Arab world and the latest in Arabic literature. Successive lockdowns have seen the reinvention of literary events, which are now recorded face-to-face and broadcast live on the IMA's Facebook page. This digital format enabled an ever-increasing number of people to attend such events in 2021.

This event follows on from the collaboration that has united the Foundation and the IMA for many years in supporting the Arab Literature Prize. Created in 2013 by the Foundation and the IMA, and one of only a handful of French awards recognising new Arab literature, the 2021 edition went to Omani author Jokha Alharthi for her novel *Celestial Bodies* (Stéphane Marsan Éditeur), translated from Arabic into French by Khaled Osman. Ms Alharti is the first Omani author to receive a literary prize in France.

The Foundation also very much honoured its commitment to promote **access to culture for all** in 2021, through several partnerships and support arrangements:

- the Divertimento orchestra and its academy, which supports hundreds of young beginners (mainly from priority education zones), as well as professionals, as they discover the symphonic orchestra;
- Lire pour en sortir, a not-for-profit that runs integration initiatives through reading in prison. The association's flagship reading programme offers detainees the chance to receive time off their sentences by reading books and writing book reports. The Jean-Luc Lagardère Foundation provides particular support for the association's new programme, Lire en famille, which aims to combat the dislocation of family bonds. It involves detained parents choosing children's books that they practise reading aloud with a volunteer before passing them on to their children in the visiting room. In 2021, Lire pour en sortir also organised a writing competition that inspired more than 132 authors (detainees and prison officers);
- the Abbaye aux Dames, la Cité Musicale, and more specifically the Jeune Orchestre de l'Abbaye (JOA), which encourages the professional integration of young musicians at the end of their studies and at the dawn of their career. The JOA is a comprehensive programme combining instrumental training, research and stage experience. Each year sees the organisation of several symphonic workshops led by internationally renowned conductors. In 2021, the Abbaye aux Dames also hosted a residency for the musical duo ATOEM (2019 Musician winner) for a composition session ahead of their album release.

In addition, the Foundation supported the tenth edition of the Jules Rimet prize, which promotes sports literature. In 2021, the prize was awarded to Virginie Troussier for her novel *Au milieu de l'été, un invincible hiver*, published by Guérin.

In terms of employee commitment, since 2014 the Jean-Luc Lagardère Foundation has presented up to three annual solidarity awards (€10,000 each) to community projects sponsored by Lagardère group employees. In 2021, after an internal vote among Group employees, two charities received funding: Enfants du Sourire Khmer, to enable Cambodian children who dropped out of school during the Covid-19 pandemic to benefit from refresher courses; and Les Chemins du Cœur, to organise school holiday educational workshops for secondary school students in Bondy (Paris) to promote the personal development of young people who have restricted access to culture and to fight academic disengagement.

<u>Within the subsidiaries</u>

In all of the areas already mentioned above, as well as in others, the subsidiaries and the Group as a whole participated in various solidarity campaigns during 2021, in the form partnerships, support for various programs and projects or donations. The examples below are not intended to be exhaustive and do not represent the full range of actions undertaken by all Group operating entities and countries.

At Lagardère Publishing, our societal commitment focuses on promoting reading and culture, particularly among those who have difficulty accessing literature, whether due to disability or for socio-economic reasons (the vulnerable, prisoners, etc.). The various entities contribute in particular by giving or making available free of charge a number of books, in physical or digital form, These points are discussed at length in section 4.3.1.3 of this chapter.

In France, Hachette Livre's Charitable Action Committee offers funding to organisations supported by employees and focused on the following themes: assisting disadvantaged people and those in distress, integration, inclusion, education, helping lonely or disabled people, combating illiteracy, environmental protection and rehabilitation, and more generally, all charitable or environmental causes. As in 2021, no meetings of the Charitable Action Committee were held in 2020 due to the health and economic situation.

At Lagardère Travel Retail, philanthropic commitment revolves around the following topics:

- donating food to limit losses and waste and to support the fight against hunger and malnutrition;
- supporting children with serious illnesses or disadvantaged backgrounds, etc.;
- supporting medical research;
- combating violence against women;
- reducing social vulnerability.

Corporate functions of the Lagardère group

In line with its 2019 commitment to donate €10,000,000 to the American Hospital in Paris over five years, the Group handed over €2,000,000 in 2021.

4.4.3 ENVIRONMENTAL INFORMATION

A.1 Water consumption

Lagardère Publishing is very aware that paper production uses large amounts of water. As such, it carefully monitors how its paper suppliers and printers optimise water consumption and the release of clean water back into the environment.

Several initiatives (closed loop recycling, isolation transformers) have been taken by the main paper suppliers, resulting in marked progress over the past ten years. The total amount of water used in the paper manufacturing process has been substantially reduced, now standing at nearly half the amount recorded around 15 years ago. By continuously improving their paper manufacturing processes, paper suppliers also recycle most of their wastewater and release clean water back into their natural environment.

Printers have also taken an active approach to limiting water consumption and use all the advanced technology available to them (especially in closed loop rinse water systems) to reduce their consumption and release clean water back into the environment.

To maintain transparency, the Lagardère group monitors its tertiary water consumption. This refers to the amount of water used at all types of physical sites where employees from the different divisions work (offices, warehouses, retail stores, sports training academies etc.). The table below shows the amount of water used at each subsidiary worldwide in 2021.

Group water consumption (cu.m.)

Division	Year	Water (cu.m.)
Lagardère Publishing	**2021**	**66,378**
	2020	57,233
Lagardère Travel Retail	**2021**	**288,211**
	2020	329,070
Other Activities	**2021**	**79,372**
	2020	118,250
Total	**2021**	**433,961**
	2020	504,553

4.4.4 ETHICAL INFORMATION

In terms of preventing tax evasion, the Group takes steps to identify and reduce tax risks, which are reviewed specifically as part the Group's risk mapping exercise led by the Risk, Compliance and Internal Control Department. In addition, tax policy, risks and disputes are presented periodically to the Audit Committee.

The Group ensures compliance with the applicable regulations of the countries in which it operates as regards tax reporting, calculation and the payment of taxes, levies and duties of all kinds. It complies with its annual country-by-country reporting (CBCR) obligations as regards tax, and underlines the importance of transparency and cooperation with national and local authorities, particularly during tax audits.

The Group is also committed to complying with the principles set out in European directives and by the OECD as regards the fight against tax evasion and the arm's length principle. In particular, it does not transfer profits to countries with more advantageous tax systems. It refuses artificial arrangements or any that could result in tax evasion or avoidance, and establishment in non-cooperative states or territories with regard to French law and the OECD.

Tax issues are dealt with centrally by a Tax Department under the responsibility of the Group's Chief Financial Officer, a member of the Executive Committee. For complex issues or questions bearing on the interpretation and application of standards, as part of major transactions and during tax audits and litigation, it calls on recognised expert external advisors.

4.5 CSR METHODOLOGY AND SCOPE

4.5.1 SCOPE OF CONSOLIDATION

The reporting system used to collect social, environmental and societal information is deployed in all the consolidated subsidiaries[1] whose operations are managed by the Group, with the exception of:

- entities sold or deconsolidated during the fiscal year;
- certain entities acquired during the year, for which the reporting system is being rolled out gradually;
- entities meeting certain size criteria: for energy data, premises hosting fewer than fifteen employees.

Labour, social and environmental data presented in this document are reported using dedicated software covering all consolidated subsidiaries.

Taking the global footprint into account and factoring out the scope exclusions listed above, data on energy consumption and greenhouse gas emissions cover 99.8% of the Group's workforce at 31 December 2021.

Comparative data from one year to the next are on a like-for-like basis. As such, for 2021, the data for previous years have been recalculated using the scope of consolidation for the 2021 fiscal year as a reference.

4.5.2 REFERENCE LIBRARY FOR INDICATORS AND REPORTING METHODS

Labour reporting follows the Group's Human Resources policy, taking the specific needs of each business line and/or geographic area into account. It is based on a library of more than 150 indicators that have been regularly updated, initially in 2006 and again in 2010.

The library of social indicators was reviewed in detail in 2012 in order to make it easier to understand for contributors and more relevant for the Group's divisions and activities, as well as to take account of the provisions of the implementing order of article 225 of France's Grenelle 2 law.

In 2019, the library of social indicators was once again reviewed to streamline and align it with the changes in the Group's organisation.

Rather than using a Group average approach, frequency and severity rates and lost time due to work accidents are now calculated using the number of theoretical hours worked per year per FTE in each of the Group's entities. This calculation method enables the Group to take account of the business and geographical specificities of each subsidiary and thereby generate more representative results.

Environmental reporting follows the Group's sustainable development policy, also taking the specific needs of each business line and/or geographic area into account.

In 2012, specific work was carried out on the environmental indicator reference library to improve its reliability and especially to make it more relevant in view of the Group's many activities. In 2013, the library was reviewed for the purposes of harmonising the methods used for calculating the proportions of certified and recycled paper contained in paper purchases and supplies.

Data on energy consumption disclosed concern the energy used to produce and supply the goods and services related to the Group's activities in France as well as that used to heat and light the premises and sites where the Lagardère group's employees work (offices, storage warehouses and retail stores). Data on electricity consumption also include electricity used by the radio broadcasting sites that are directly managed by the Group. This information has systematically been reported on a per-building basis since 2015, and on a rolling 12-month basis from 1 October to 30 September since 2020.

With regard to Lagardère Travel Retail's store network, a common reporting line is defined at the level of each country to gather data on electricity

[1] The list is provided in note 38 to the consolidated financial statements in this Universal Registration Document.

consumption (as well as oil and gas, where applicable) for all points of sale to be consolidated on a country-by-country basis. Energy consumption by equity-accounted entities is included proportionately to the Group's control.

The greenhouse gas emissions data only concern the above-mentioned energy consumption. The emissions are specified for each type of energy (gas, oil, electricity, district heating) and then grouped together by "Scope", i.e., by category of emissions.

Scope 1 includes direct greenhouse gas emissions, and notably direct emissions from fixed sources of combustion (oil and gas).

Scope 2 comprises indirect emissions related to purchases of energy, and notably consumption of electricity and district heating.

The emissions factors used by the Group in its calculations of greenhouse gas emissions and conversion into CO_2 equivalents are determined by reference to the *Base Carbone*, the French public database of emissions factors needed to establish carbon accounting. These factors are reviewed annually and are an integral part of the reporting procedure review process. As part of the carbon audit carried out in 2021 with the help of Carbone 4, the Group has updated all of its Scopes 1 & 2 emissions factors, in particular to take into account only the combustion portion of energy emissions (the upstream portion is included in Scope 3).

Greenhouse gas emissions are calculated directly by the Group Sustainable Development and CSR Department based on the energy data reported above and in accordance with the methodology set out in the environmental guidelines.

The reporting protocol for societal data, which is mainly based on qualitative questions, has been in place since 2015 and comprises around 15 indicators common to all of the Group's divisions and about 10 indicators specific to certain activities.

Updates to reporting guidelines broadly aim to simplify and facilitate the work of contributors.

The reporting method for social, environmental and societal data follows the same process. Data are entered by a contributor for each Group company included in the reporting scope. This information is then validated/verified by the subsidiary's management (Human Resources Department or Finance Department) before being sent to the Group Sustainable Development and CSR Department, which checks the consistency of the data.

Consistency checks aim to ensure the quality and fair presentation of reported data, including comparisons with prior periods, thereby improving the reliability of the reporting system.

Although the Group seeks to make contributors' work as easy as possible, by defining a clear reporting process and factoring in the international nature of its operations and activities (objectives that have been made easier to achieve since the reporting guidelines were put in place), certain difficulties, sources of uncertainty, may arise during the reporting process:

- inaccurate assessments;
- calculation errors;
- poorly understood questions;
- data entry errors;
- problems defining an indicator;
- problems responding because of legal and/or political reasons.

4.6 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY

Independent third party's report on the consolidated non-financial statement

To the General Meeting,

In our capacity as Statutory Auditor of your Company (hereinafter the "Entity"), appointed as independent third party ("third party") and certified by COFRAC under number 3-1681 (whose scope is available at www.cofrac.fr) and ', we have carried out work designed to provide a reasoned opinion expressing a limited assurance conclusion on the consistency of the consolidated non-financial statement for the financial year ended 31 December 2021 (hereinafter the "Statement") with the provisions of article R. 225-105 of the French Commercial Code and on the fairness of the historical information (observed or extrapolated) provided pursuant to article R.225 105 I, 3 and II of the French Commercial Code (hereinafter the "Information"), prepared in accordance with the Entity's procedures (hereinafter the "Guidelines"), presented in the management report pursuant to the provisions of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Conclusion

Based on the procedures performed, as described below in "Nature and scope of the work", and the evidence that we gave gathered, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Preparation of the non-financial statement

The lack of a generally accepted and commonly used reference framework or established practice on which to base the assessment and measurement of the Information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the main elements of which are presented in the Statement.

Limitations inherent in the preparation of Information

As stated in the Statement, the Information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information presented in the Statement is sensitive to methodological choices, assumptions and/or estimates made in its preparation.

Entity's responsibility

It is the responsibility of the Board of Directors:

- to select or establish appropriate criteria for the preparation of information;
- to prepare the Statement pursuant to legal and regulatory requirements, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators, and the information required by article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- to put in place such internal controls as it determines necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement was been prepared in application of the Entity's above-mentioned Guidelines.

Responsibility of the independent third party

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the provisions of article R. 225-105 of the French Commercial Code;

- the fairness of the historical information (observed or extrapolated) provided in accordance with article R. 225-105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to express an independent conclusion on the Information as prepared by management, we are not authorised to be involved in the preparation of the Information as this could compromise our independence.

It is not our responsibility to comment on:

- the Entity's compliance with other applicable legal and regulatory provisions (particularly the information required by article 8 of Regulation (EU) 2020/852 [Green Taxonomy] the French duty of care law and anti-corruption and tax evasion legislation);
- the fairness of the information required by article 8 of Regulation (EU) 2020/852 (Green Taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional standards

The work described below was performed in accordance with the provisions of articles A. 225-1 *et seq.* of the French Commercial Code, and with the professional standards applicable in France to such engagements and with ISAE 3000 as revised[1]:

Independence and quality control

Our independence is defined by the provisions of article L. 822-11 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Means and resources

Our verification work mobilised the skills of five people and took place between September 2021 and March 2022 on a total duration of intervention of seven weeks.

To assist us in our work, we called on our specialists in sustainable development and corporate social responsibility. We conducted five interviews with the persons responsible for the preparation of the Statement including, in particular, from the Sustainable Development and CSR Department, the Human Resources Department, the Communications Department and the Foodservice business.

Nature and scope of the work

We planned and performed our work taking into account the risks of material misstatement of the Information.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion;

- we obtained an understanding of all the consolidated entities' activities and the description of the principal associated risks;
- we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code, as well as information regarding respect for human rights and the fight against corruption and tax evasion;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;

[1] ISAE 3000 (revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

- we verified that the Statement presents the business model and the principal risks associated with the activity of all entities included in the scope, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning one risk (quality, compliance, hygiene and safety of products sold), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities: Hachette Book Group, Paradies Lagardère, Lagardère Media News ;
- we verified that the Statement covers the scope of consolidation, i.e., all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code;
- we obtained an understanding of internal control and risk management procedures the Entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, and other selection methods, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 21% and 32% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (32% of the workforce, 31% of the tertiary energy consumption, 21% of the paper purchased and supplied);
- we assessed the overall consistency of the Statement based on our knowledge of all the entities included in the scope of consolidation.

The procedures carried out fir a limited assurance engagement are less extensive than those required for a reasonable assurance engagement performed in accordance with professional standards in France; a higher level of assurance would have required us to carry out more extensive procedures.

French language original signed at Paris-La Défense, 15 March 2022

Independent third party

EY & Associés

Thomas Gault
Partner, Sustainable Development

Appendix 1: The most important information

Social Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (measures or outcomes)**
The overall voluntary departure rate, and the rate by socio-professional category. Number of women among top executives. Work-related accident frequency rate.	Actions implemented to ensure diversity and gender balance of human resources. Outcomes of the internal talent management policy. Measures to prevent work-related accidents.
Environmental Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (measures or outcomes)**
Total weight and proportion of certified and recycled paper (Lagardère Publishing). Tertiary energy consumption. CO_2 emissions of Scopes 1 & 2 per euro of revenue.	The certified and recycled paper purchase process (Lagardère Publishing). The analysis of significant sources of greenhouse gas emissions.
Societal Information	
Quantitative Information (including key performance indicators)	**Qualitative Information (measures or outcomes)**
-	Measures in favour of the accessibility and dissemination of education, culture and entertainment (Lagardère Publishing). Measures to guarantee health safety, optimise waste management and reduce the use of plastic (Lagardère Travel Retail). The assessment approach to environmental, social and ethical performance of Group suppliers and subcontractors.

4.7 APPLICATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES

4.7.1 MAIN POINTS OF THE DUTY OF CARE PLAN

For more than 20 years, the Lagardère group has striven to carry out its businesses while strictly adhering to a certain number of universal principles. The Group's first Code of Ethics dates from 1994 and was subsequently revised in 2005, 2012, 2016 and 2020. It sets out guidelines on integrity and professional conduct for all employees of the Lagardère group. The issues of human rights and fundamental freedoms, and of the health and safety of people and the environment are integral to the principles covered by the Code.

A cross-disciplinary working group was set up in the second half of 2017 to prepare the Group's compliance with French law 2017-339 of 27 March 2017 on the duty of care for parent companies and their contractors. Under the supervision of the Sustainable Development and CSR Department, this committee drew together representatives from all divisions, as well as representatives from the directly affected corporate departments, namely the Group's Legal Department and the Risk, Compliance and Internal Control Department.

The first step involved mapping out the risks linked to the Group's supply chain. At the end of this stage, seven procurement categories were identified as being most likely to give rise to risks involving Lagardère group subcontractors or suppliers: printing activities and printing-related services, production of paper pulp, wholesale supply of accessories and household items, own-label products sold in stores, disposable items used in restaurants, energy supply (electricity, gas, steam, air-conditioning), and production of plastics.

After the risk mapping process, the operating entities ranked suppliers in order of priority for their supplier assessment plan, which will be implemented over the next several years.

The year under review was the fourth year of the plan's roll-out.

In parallel, the Sustainable Development and CSR Department and Risk, Compliance and Internal Control Department have also been working together more closely to identify any non-financial risks caused by the Group's businesses, using the same methodology used for the Group risk mapping exercise. The risk identification process is detailed in section 4.3.

4.7.2 MONITORING

All methods used to monitor measures taken in application of the Group's duty of care can be found in the following sections of this Universal Registration Document:

- regarding issues relating to respect for human rights and fundamental freedoms, see section 4.3.1.3 on access to and dissemination of education, culture and entertainment, and section 4.3.3 on the general strategy to address these issues;
- regarding issues relating to personal health and safety, see section 4.3.1.4 on the quality of products and services distributed and sold by the Group, and section 4.3.3.2 on health and safety in the workplace;
- regarding environmental issues, see section 4.3.2.1 on fighting climate change and section 4.3.2.2 on the issues of natural resource management, anti-waste and the circular economy.

A set of indicators is used to assess the effectiveness of measures taken for each of these topics, some of which have been in place for many years.

The whistleblowing tool has been in place within the Group since 2020.

4.8 IMPLEMENTING THE TAXONOMY REGULATION

Regulatory framework and compliance

In accordance with European Regulation 2020/852 of 18 June 2020 on the establishment of a framework to encourage sustainable investment in the European Union (EU), the Lagardère group is obligated to disclose certain key performance indicators (KPIs) corresponding to the proportion of its revenue, capital expenditure (CapEx) and operating expenditure (OpEx) that is derived from products or services associated with economic activities that qualify as environmentally sustainable under the Regulation. This classification system, known as the European taxonomy for sustainable activities or the "green taxonomy," establishes a list of economic activities deemed to be environmentally sustainable based on scientific criteria and aligned with the EU's green deal objectives.

For 2021, only those KPIs relating to the "eligibility" of a company's activities must be disclosed. Lagardère is therefore obligated to disclose these indicators, which show the proportion associated with potentially sustainable activities, without taking into account the Regulation's technical screening criteria.

At this stage, taxonomy-eligible activities must be listed and described with regard to their contribution to the Regulation's first two objectives, climate change mitigation and climate change adaptation (Annexes I & II of the Climate Delegated Acts[1]). This process will be extended in 2022 to the other four environmental objectives (the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems), with an obligation to disclose the KPIs in 2023. Annexes I & II provide definitions of the eligible activities, along with the corresponding NACE codes, and the technical screening criteria for determining whether they are effectively sustainable (i.e., "aligned" with the Regulation's objectives).

Any activities that are not included in the initial list of defined activities or which do not correspond to the definitions are considered to be undefined in the framework and as such "non-eligible."

Presentation of the 2021 key performance indicators

The financial data used in this analysis correspond to all the consolidated data for the year ended 31 December 2021. They have been prepared jointly by the Group's local and central teams based on the consolidated financial statements prepared under IFRS at 31 December 2021, and in accordance with guidance provided by applicable regulations[2] for the definition of the revenue, CapEx and OpEx components to be disclosed. The results of the analysis are presented in detail below.

Eligible and non-eligible revenue

As concerns revenue, based on the regulatory framework presented above, it appears that the majority of the Group's activities belong to industries that are not eligible with regard to the Taxonomy's two climate change objectives. This initial assessment was performed on the basis of a detailed analysis of the Group's activities and a strict reading of the texts. It resulted in the following initial conclusions:

- the activities of Lagardère Publishing are not considered to be taxonomy-eligible. The assessment also found that the division's textbook publishing activities do not correspond to the definition of the Education industry (NACE code P85) given in the Annexes;
- the activities of Lagardère Travel Retail are not considered to be taxonomy-eligible;
- some of the activities in the Other Activities segment are taxonomy-eligible, i.e., Lagardère News' radio business and all the activities of Lagardère Live Entertainment.

[1] Delegated Regulation of 4 June 2021 and its annexes supplementing Regulation (EU) 2020/852 by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation.

[2] Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology for complying with that disclosure obligation.

The table below shows the correspondence between the eligible activities as described in the Regulation and the related Lagardère group activities.

NACE Code	Industry	Activity	Description of the activity	Corresponding Lagardère activity
J60	Information and communication	Programming and broadcasting activities	Programming and broadcasting include the activities of creating content or acquiring the right to distribute content and subsequently broadcasting that content, such as radio, television and data programmes of entertainment, news, talk, and the like. Also included is data broadcasting, typically integrated with radio or TV broadcasting.	Lagardère News' radio business (Europe 1, Virgin Radio, RFM)
R90	Arts, entertainment and recreation	Creative, arts and entertainment activities	Creative, arts and entertainment activities include the provision of services to meet the cultural and entertainment interests of their customers. This includes the production and promotion of, and participation in, live performances, events or exhibits intended for public viewing and the provision of artistic, creative or technical skills for the production of artistic products and live performances.	All the activities of Lagardère Live Entertainment

In 2021, activities deemed eligible with regard to the two European Green Taxonomy climate objectives represented 2% of the Lagardère group's consolidated revenue.

All this revenue was derived from activities eligible with regard to the climate change adaptation objective (as identified in Annex II of Delegated Act concerning climate change objectives published in April 2021) and considered to be enabling activities. An activity qualifies as contributing to the climate adaptation objective and as an enabling activity if it directly enables other activities to reduce the adverse impacts of climate change and to maximise the positive impacts[1].

Capital expenditure (CapEx) and operating expenditure (OpEx)

In accordance with the Regulation, the CapEx KPI denominator covers the increase in the gross balance sheet value of right-of-use concessions and leases (IFRS 16), property, plant and equipment (IAS 16) and intangible assets (IAS 38), as well as additions to property, plant and equipment and intangible assets resulting from business combinations (IFRS 3).

In 2021, this denominator amounts to €476 million and includes €205 million in right-of-use assets under new concession agreements in the period.

The increase in right-of-use assets is the offsetting entry for the lease liability, representing the present value of future lease payments. This amount may increase or decrease depending on whether the lease liability is recalculated as a result of an increase or decrease in the term of the agreement, the surface area made available or as a result of lease negotiations or changes in the calculation formula, which is common in the Travel Retail business.

[1] EU Regulation 2020/852 of 18 June 2020, article 11 and article 16

These concession agreements grant the concession operators access to certain passenger flows and to the resulting revenue, against the payment of fees (rent) in respect of the leased retail premises and the right to use those premises. These agreements are renewed by means of tenders. Operators cannot choose between buying or "leasing" the areas made available by airports or railway stations.

These fees are either variable, fixed, or variable with a guaranteed minimum payment. They can be renegotiated with the concession grantor in the event of changes in economic conditions or in applicable regulations. Rents can depend both on revenue and on passenger flows. The nature of these operating leases is therefore different from that of property leases, which only provide access to premises in return for in-substance fixed lease payments.

At this stage, due to the nature of the concession agreements, the Group has excluded rental expenses under these agreements from the analysis of the Taxonomy activities relating to activity 7.7 "Acquisition and ownership of buildings".

Accordingly, eligible CapEx, expressed in the numerator, comprises CapEx that is by nature eligible because it is associated with taxonomy-eligible economic activities, as well as any additions during the year corresponding to:

- the renovation of existing buildings (activity 7.2.);
- the installation, maintenance and repair of energy efficiency equipment (activity 7.3.);
- the installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings (activity 7.5.);
- vehicle fleet leasing (included in activity 6.5. “Transport by motorbikes, passenger cars and light commercial vehicles”);
- freight transport services by road (activity 6.6);
- non-current assets related to the storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres (Activity 8.1).

The initial review found that 12% of Lagardère’s CapEx is taxonomy-eligible in respect to 2021.

Taxonomy-eligible OpEx, as defined in the Regulation and expressed in the denominator, includes direct costs relating to:

- non-capitalised building renovation measures;
- short-term real estate leases;
- short-term vehicle leases;
- other short-term leases;
- maintenance and repair of buildings;
- maintenance and repair of vehicles;
- other maintenance and repair;
- day-to-day servicing of assets.

In line with the analysis carried out on whether or not to include concession agreements in the CapEx denominator, variable lease payments under concession agreements only have been excluded from the OpEx amount presented in the denominator. These variable lease payments represent €235 million for 2021.

This OpEx denominator represents less than 2% of the Group’s total operating expenses (external charges, payroll costs, etc.), which is not representative of its business model. As a result, the review has concluded that this indicator is not material for the Group. Eligible OpEx was therefore not analysed and the numerator is considered to be zero.

Revenue, CapEx and OpEx by division at 31 December 2021 (in €m)

	Denominator at 31 Dec. 2021	Total eligible	Eligible as a % of the total
Total revenue	**5,130**	**103**	**2**
Lagardère Publishing	2,598	0	
Lagardère Travel Retail	2,290	0	
Other Activities	242	103	
Total CapEx	**271**	**32**	**12**
Total OpEx	**26**		

5 NET ASSETS, FINANCIAL POSITION AND RESULTS

1 2 3 4 5 6 7 8

5.1 PER SHARE DATA, DIVIDEND POLICY AND SHARE PERFORMANCE

5.1.1 PER SHARE DATA

(in euros)	2021		2020[2]		2019[2]	
	basic	diluted[1]	basic	diluted[1]	basic	diluted[1]
Profit (loss) attributable to owners of the Parent, per share	(0.75)	(0.75)	(5.11)	(5.11)	(0.12)	(0.12)
Equity attributable to owners of the Parent, per share	6.05	5.99	5.61	5.56	11.73	11.58
Cash flow from (used in) operations before change in working capital, per share	2.50	2.48	(0.25)	(0.25)	3.82	3.77
Share price at 31 December	24.38		20.48		19.43	
Dividend	0.50[3]		-		-	
Extra dividend	-		-		-	

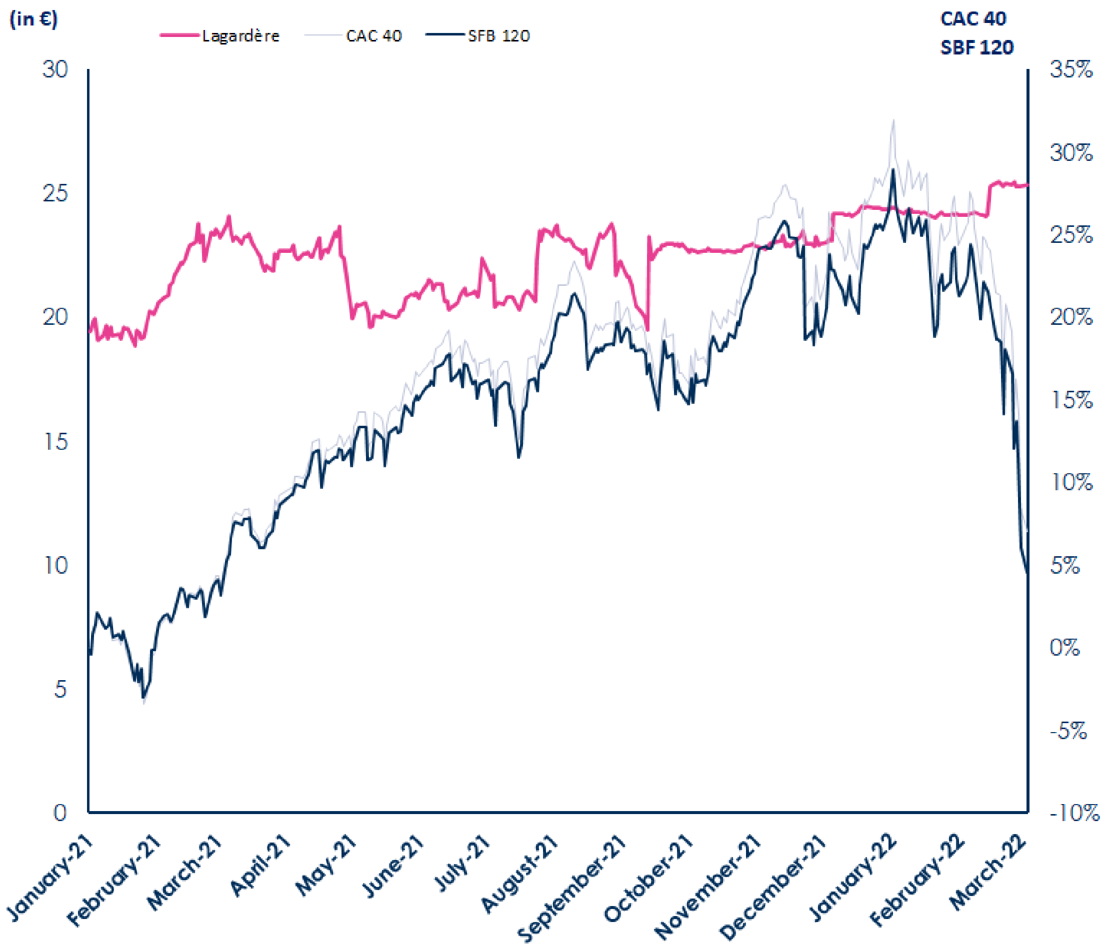
(1) The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.
(2) In accordance with IFRS 5, Lagardère Sports was classified as a discontinued operation at 31 December 2020 and 2019. Its earnings and cash flows for 2020 and 2019 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).
(3) Dividend submitted for approval to the General Meeting to be held on 22 April 2022.

5.1.2 DIVIDEND POLICY

The dividend payout in respect of 2018 amounted to €169.7 million, representing 96.1% of profit attributable to owners of the Parent.

The amendment to the syndicated credit agreement entered into on 18 December 2020 (see section 1.8.2 of the Universal Registration Document and note 29.1 to the 2021 consolidated financial statements) also stipulate that (i) Lagardère SA shall not pay any dividends in 2020 in respect of 2019 or in 2021 in respect of 2020, (ii) the maximum dividend that may be paid in 2022 in respect of 2021 is €0.50 per share, on condition that net debt is less than €2,000 million, (iii) the maximum dividend that may be paid in 2023 in respect of 2022 is €1.30 per share, and (iv) the maximum dividend that may be paid from 2024 onwards is €1.30 per share, with the possibility of an increase in this amount depending on the level of the leverage ratio.

5.1.3 SHARE PERFORMANCE SINCE JANUARY 2021



Source: Euronext.com

5.2 PRESENTATION OF THE FINANCIAL POSITION AND CONSOLIDATED FINANCIAL STATEMENTS OF LAGARDÈRE SA

Comments on the Lagardère SA consolidated financial statements at 31 December 2021

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as described in note 1 to the consolidated financial statements, "Accounting principles".

In 2018, the Group launched a strategic refocusing around two priority divisions (Lagardère Publishing and Lagardère Travel Retail), and around its Other Activities business (Lagardère News and Lagardère Live Entertainment). The Group restructured in 2019 in the wake of the successive disposals of Lagardère Active and Lagardère Sports assets.

Its internal reporting is now based on a **target business scope,** comprising:

- **Lagardère Publishing**, which includes the Group's Book Publishing and e-Publishing businesses, covering such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Board Games, Mobile Games and Distribution.
- **Lagardère Travel Retail**, which consists of retail operations in transit areas and concessions in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice.

The target scope also includes "**Other Activities**", which groups together Lagardère News (*Paris Match* and *Le Journal du Dimanche* magazine titles, Europe 1, RFM and Virgin Radio stations, and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function. The Corporate function is used primarily to report the effect of financing obtained by the Group and the net operating costs of Group holding companies.

Lagardère Sports was sold on 22 April 2020 and **Lagardère Studios** on 30 October 2020.

Assets sold relating to the former Lagardère Active division (Lagardère Studios) and **Lagardère Sports** were separately monitored up to the date of their sale.

The main changes in the scope of consolidation between 2020 and 2021 are described in note 4 to the consolidated financial statements.

5.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2021	2020
Revenue	**5,130**	**4,439**
Recurring operating profit (loss) of fully consolidated companies(*)	**249**	**(155)**
Income (loss) from equity-accounted companies(**)	**1**	(58)
Non-recurring/non-operating items	**(184)**	(336)
of which impact of IFRS 16 on concession agreements(***)	***(25)***	*(17)*
Profit (loss) before finance costs and tax	**66**	**(549)**
Finance costs, net	**(64)**	(76)
Interest expense on lease liabilities	**(68)**	(74)
Income tax benefit (expense)	**(22)**	31
Profit (loss) from discontinued operations	**2**	(20)
Profit (loss) for the period	**(86)**	**(688)**
Attributable to:		
- Owners of the Parent	**(101)**	(660)
- Minority interests	**15**	(28)

(*) Recurring operating profit of fully consolidated companies is an alternative performance measure taken from the segment information section of the consolidated financial statements (see reconciliation in note 5 to the consolidated financial statements), and is defined as the difference between profit (loss) before finance costs and tax and the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets;
- specific major disputes unrelated to the Group's operating performance;
- items related to leases and to finance sub-leases:
  - excluding gains and losses on leases,
  - excluding depreciation of right-of-use assets under concession agreements,
  - including decreases in lease liabilities under concession agreements,
  - including interest paid on lease liabilities under concession agreements,
  - including changes in working capital relating to lease liabilities under concession agreements.

(**) Before impairment losses.

(***) Including gains and losses on leases.

Revenue for the Lagardère group came in at €5,130 million for 2021, up 15.6% as reported and up 18.6% like for like[80].

The difference between consolidated and like-for-like revenue is essentially attributable to a €29 million negative foreign exchange effect, partly reflecting the depreciation of the US dollar (negative €47 million impact) and the appreciation of pound sterling (positive €20 million impact). The €78 million negative scope effect relates chiefly to the impact of the disposal of Lagardère Studios and the acquisitions by Lagardère Publishing of Workman Publishing in September 2021 and Laurence King Publishing in September 2020.

Revenue for Lagardère Publishing totalled €2,598 million, up 9.4% as reported and up 8.1% like for like. The substantial revenue growth at

[80] Based on constant Group structure and exchange rates.

Lagardère Publishing reflects strong demand from readers of all ages for all types of content (especially manga and graphic novels) and media in all geographic areas.

The difference between consolidated and like-for-like revenue is attributable to the combined impact of a €8 million negative foreign exchange effect resulting mainly from the depreciation of the US dollar, and a €39 million positive scope effect, due notably to the acquisitions of Workman Publishing and Laurence King Publishing.

In France, revenue for the division leapt by 13.8% in 2021. General Literature sales were driven by a host of successful titles across all of the publishing houses, and Illustrated Books also saw strong growth during the year, especially Lifestyle and Youth Works such as manga and graphic novels (with the publication of *Asterix and the Griffin* in October and the success of the *Attack of the Titans* series at Pika). Reader demand for these publications also boosted Distribution revenue with third-party publishers. As expected, Education was the only segment on the retreat, due to the lack of curriculum reform.

In the United Kingdom, the 2.5% increase on the exceptional prior-year revenue performance was driven by front and backlist momentum in Youth Works and Adult Trade titles.

In the United States, sustained growth of 3.7% was achieved on the back of major editorial successes in 2020, driven by a favourable release schedule and hit titles in the Youth Works segment. Distribution activities also benefited from a dynamic third-party publisher market.

In Spain/Latin America, revenue grew by 5.0% thanks to brisk momentum in Spain – especially in the Trade segment, underpinned by the release of *Asterix and the Griffin* – and to the upturn in sales in the second half of the year in Mexico.

Revenue from sales of Partworks surged by 13.9%, thanks to successful backlist collections and new releases in the first half of 2021 in all geographic areas.

Following an exceptionally strong year for digital formats due to successive full lockdowns, E-books accounted for 7.7% of total Lagardère Publishing revenue in 2021, while digital audio books represented 3.8% of revenue (9.5% and 4.3%, respectively in 2020).

Revenue for Lagardère Travel Retail totalled €2,290 million, up 33.1% as reported and up 34.3% like for like. The difference reflects a negative foreign exchange impact of €21 million, attributable to the depreciation of the US dollar.

In France, revenue for the division jumped by 25.7% year on year due to the gradual pick-up in national and regional travel as restrictions were eased.

The EMEA region (excluding France) advanced by 18.8% year on year also under the impetus of the partial resumption of travel, led by countries with large domestic networks, especially rail stations (Romania, Czech Republic and Bulgaria).

North America recorded steep revenue growth of 72.5% year on year, driven by the recovery in domestic air traffic which gathered pace throughout the year.

Asia-Pacific revenue was up 28.7% year on year, thanks to sharp 63.4% growth in China lifted by consumer demand and network expansion, which more than offset the decline in sales in the Pacific region in the wake of border closures.

Revenue for Other Activities totalled €242 million, up 5.7% on a reported basis and up 6.9% like for like. The difference is due to a negative scope effect of €2 million.

Lagardère News sales were up 4.5%. Press revenue advanced by 2.9%, driven by a good advertising performance. Elle licensing activities were up by 19.1%, benefiting from the easing of restrictions in various countries, coupled with international advertising campaigns and a more diverse revenue stream. On the other hand, Radio revenue edged back by 1.7% due to lower audience figures resulting from the trend towards home working.

Recurring operating profit of fully consolidated companies amounted to €249 million, up sharply by €404 million on 2020.

Lagardère Publishing reported €351 million in recurring operating profit, up sharply by €105 million on 2020 and corresponding to an operating margin of 13.5%. This record margin was driven by business growth, a favourable sales mix and disciplined cost control.

Lagardère Travel Retail reported negative recurring operating profit of fully consolidated companies of €81 million, a €272 million improvement on 2020, with the flow-through ratio standing at 11.8% versus 2019 on a reported basis. The better-than-expected performance reflects the major efforts undertaken by the division over the period to control its costs and optimise opening hours when stores reopened.

Costs were slashed by €1,698 million in 2021 compared to 2019. The decrease in the cost base included a €563 million reduction in fixed costs – of which €381 million relating to fixed lease payments for concessions – mainly by renegotiating terms on concessions, adapting point-of-sale operations in line with air traffic trends, adjusting payroll costs and cutting other overhead costs.

Other Activities posted a recurring operating loss of €21 million, a €26 million year-on-year improvement that was mainly attributable to the more favourable business environment and cost-cutting measures still in place. As announced, corporate costs were reduced significantly to €45 million in 2021, representing a €25 million decrease compared to 2019.

Income from equity-accounted companies (before impairment losses) came in at €1 million in 2021, versus a loss of €58 million in 2020, with the improved performance stemming from the gradual business recovery at Lagardère Travel Retail in an environment that remains challenging, particularly at Société de Distribution Aéroportuaire, Relay@ADP and Lagardère & Connexions.

Non-recurring/non-operating items included in profit before finance costs and tax represented net expense of €184 million in 2021, comprising:

- €17 million in **impairment losses against property, plant and equipment and intangible assets**, including €15 million at Lagardère Travel Retail, mainly due to point-of-sale closures, the non-renewal and termination of concessions, particularly in the United States, and €2 million concerning the impairment of Casino de Paris goodwill at Lagardère Live Entertainment;
- €115 million in **amortisation of intangible assets and costs attributable to acquisitions and disposals**, including €101 million for Lagardère Travel Retail, mainly relating to concession agreements in North America (Paradies Lagardère, HBF and Vino Volo), Italy (Rome airport and Airest) and Belgium (IDF); and €14 million for Lagardère Publishing;
- €44 million in **restructuring costs**, including €33 million for Other Activities in connection with the costs of converting Lagardère SCA into a joint-stock company, and reorganisation costs at Lagardère News, Lagardère Publishing (€9 million) and Lagardère Travel Retail (€2 million);
- a net €17 million **gain on disposals**, corresponding mainly to the sale of minority interests in Glénat and J'ai Lu at Lagardère Publishing;
- the €25 million negative **impact of applying IFRS 16 on concession agreements**, of which €30 million at Lagardère Travel Retail (including gains and losses on leases). This includes the straight-line depreciation of right-of-use assets, partially offset by proceeds from certain reductions in fixed lease payments in 2021.

In 2020, non-recurring/non-operating items represented a net negative amount of €336 million, including (i) €7 million in net disposal losses; (ii) €55 million in restructuring costs, mainly in connection with the restructuring and layoff measures introduced at Lagardère Travel Retail due to the health crisis; (iii) €106 million in amortisation of intangible assets and expenses relating to acquisitions of consolidated companies, of which €94 million at Lagardère Travel Retail relating to concession agreements; (iv) €151 million in impairment losses, including impairment of concession agreements in Rome and Belgium at Lagardère Travel Retail, impairment of assets in Spain and Latin America at Lagardère Publishing, impairment of Bataclan goodwill and impairment of audiovisual production assets (relating to the sale of Lagardère Studios); and (v) the negative €17 million impact of applying IFRS 16 to concession agreements at Lagardère Travel Retail.

As a result of the above, the **profit before finance costs and tax** came out at €66 million for 2021, versus a loss of €549 million one year earlier.

Net finance costs amounted to €64 million in 2021, down on the 2020 figure despite the higher cost of debt resulting from the refinancing carried out in late 2020 and October 2021. The improvement in this caption reflects the receipt of dividends from non-consolidated investments in 2021 and the fact that the impairment losses recognised on loans at Lagardère Travel Retail in the comparative year did not recur in 2021.

Interest expense on lease liabilities represented €68 million in 2021, versus €74 million in 2020. The €6 million decrease in this item results from the decrease in lease liabilities at Lagardère Travel Retail following the renegotiation of its leases.

In 2021, income tax expense amounted to €22 million, an increase of €53 million compared to 2020, further to the business recovery in all geographic areas, especially the United States. In 2020, income tax expense also included deferred tax income arising on tax losses for the period and impairment losses against concession agreements at Lagardère Travel Retail.

In 2021, the €2 million in **profit from discontinued operations** includes changes in provisions for vendor warranties and the outstanding balance of costs related to the sale of Lagardère Sports. In 2020, this item included the disposal losses and earnings at Lagardère Sports up until its sale in April 2020.

Profit (loss) attributable to minority interests in 2021 amounted to €15 million, versus a loss of €28 million attributable to minority interests in 2020. The year-on-year change chiefly reflects the sharp rebound in Lagardère Travel Retail's earnings.

5.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows

(in millions of euros)	2021	2020
Cash flow from operating activities before changes in working capital	577	257
Decrease in lease liabilities	(216)	(236)
Interest paid on lease liabilities	(20)	(49)
Changes in working capital relating to lease liabilities	(4)	(4)
Cash flow from (used in) operations before changes in working capital and income taxes paid	**337**	**(32)**
Changes in working capital	280	(17)
Income taxes paid	(38)	(38)
Cash flow from (used in) operations	**579**	**(87)**
Cash used in investing activities	(415)	(206)
- Purchases of intangible assets and property, plant and equipment	*(136)*	*(170)*
- Purchases of investments	*(279)*	*(36)*
Proceeds from disposals	94	97
- Disposals of intangible assets and property, plant and equipment	*13*	*1*
- Disposals of investments	*81*	*96*
Interest received	8	5
(Increase) decrease in short-term investments	-	-
Net cash used in investing activities	**(313)**	**(104)**
Cash flow from (used in) operations and investing activities	**266**	**(191)**
Net cash from (used in) financing activities excluding lease liabilities	**28**	**(72)**
Other movements	(21)	-
Net cash used in discontinued operations	-	-
Change in cash and cash equivalents	**273**	**(263)**

5.2.2.1 Cash flow from operations and investing activities

In 2021, **cash flow from (used in) operations before changes in working capital and income taxes paid**

(operating cash flow) represented a net cash inflow of €337 million, compared with a net cash outflow of €32 million in 2020. The 2021 figure breaks down as a net cash inflow of €37 million in the first half and a non-recurring net cash inflow of €300 million in the second. This strong cash generation results from both an upturn in business and strict cost control.

The **change in working capital** was an inflow of €280 million, compared with an outflow of €17 million in 2020, and included a no-recourse sale of receivables in December 2021, which had a positive €182 million impact on the year. The improvement was also driven by working capital optimisation measures and an upturn in business at Lagardère Travel Retail, which led to a sharp rise in trade payables.

Taxes paid represented €38 million in 2021 and remained stable compared to 2020, thanks to the utilisation of loss carryforwards, primarily in the United States which offset the increase in taxable income.

Taking account of the above items, **cash flow from operations** represented an inflow of €579 million in 2021 compared to an outflow of €87 million in 2020.

Purchases of property, plant and equipment and intangible assets represented an outflow of €136 million, €34 million less than in 2020. This chiefly concerned Lagardère Travel Retail (€92 million), reflecting investments in IT systems and expansion in China, although investments were down €29 million year on year thanks to continued and disciplined cost control efforts and project postponements in a volatile and unfavourable environment. The bulk of the balance reflected the €38 million in outflows at Lagardère Publishing, which invested in logistics and IT systems projects.

Purchases of investments amounted to €279 million in 2021, mainly in connection with the acquisitions of Workman Publishing and Hiboutatillus by Lagardère Publishing, and the capital increase for Société de Distribution Aéroportuaire at Lagardère Travel Retail. In 2020, acquisition of investments represented an outflow of €36 million and chiefly concerned Lagardère Publishing's acquisition of Le Livre Scolaire and Laurence King Publishing.

Disposals of property, plant and equipment and intangible assets represented a net inflow of €13 million in 2021 and notably include the sale of the Matra MS670 and of Peak by Lagardère Publishing. These disposals represented an inflow of €1 million in 2020.

Disposals of investments amounted to €81 million, and mainly included the collection of the balance of the vendor loan granted in connection with the Asian Football Confederation further to the sale of Lagardère Sports by Other Activities, and the divestments of J'ai Lu and Glénat by Lagardère Publishing. In 2020, this item mainly included the disposals of Lagardère Studios and Lagardère Sports.

In all, **cash flow from operations and investing activities** represented a net inflow of €266 million in 2021, compared with a net outflow of €191 million in 2020.

5.2.2.2 Net cash from (used in) financing activities

Financing activities in 2021 represented a net cash inflow of €28 million and include:

- **minority interests' share in capital increases**, representing an inflow of €101 million, resulting mainly from the minority stake taken by JD.com, JIC and CICC in Lagardère Travel Retail Asia within the scope of a strategic partnership in the region;
- €22 million in **dividends paid**, essentially to minority interests, including €16 million by Lagardère Travel Retail, particularly in North America, and €6 million by Lagardère Publishing;
- a **net increase in debt**, representing an inflow of €32 million, mainly due to a new €500 million six-year bond issued in October 2021, offset by the partial €150 million redemption of the bond issued in 2016 and by the repayment of the syndicated credit facility for €300 million. The state-backed loan was put in place in January 2021 and was repaid in December of the same year for €465 million;
- **interest paid**, representing an outflow of €81 million, including (i) €31 million in coupons on the 2016, 2017 and 2019 bond issues, (ii) €18 million in interest, guarantees and set-up costs on bank loans, the state-backed loan and the October 2021 bond issue, (iii) an outflow of €15 million relating to foreign exchange risk hedging instruments, and (iv)

€7 million paid in interest and fees on the syndicated facility;

- **acquisitions of minority interests**, representing an outflow of €1 million;
- **purchases and sales of treasury shares**, representing a net outflow of €1 million.

5.2.3 NET DEBT

Net debt is an alternative performance measure and is calculated based on elements taken from the consolidated financial statements. A reconciliation with those accounting items is presented below:

(in millions of euros)	31 Dec. 2021	31 Dec. 2020
Short-term investments and cash and cash equivalents	**937**	687
Financial instruments designated as hedges of debt with a positive fair value	**-**	16
Non-current debt(*)	**(1,971)**	(1,643)
Current debt(*)	**(501)**	(793)
Net debt	**(1,535)**	**(1,733)**

(*) At 31 December 2021, current and non-current debt included financial instruments designated as hedges of debt with a negative fair value, representing €2 million and €8 million, respectively.

Changes in net debt during 2021 and 2020 were as follows:

(in millions of euros)	2021	2020
Net debt at 1 January	**(1,733)**	**(1,461)**
Cash flow from (used in) operations and investing activities	**266**	(191)
Interest paid	**(81)**	(64)
Minority interests' share in capital increases by subsidiaries	**101**	1
(Acquisitions) disposals of treasury shares	**(1)**	5
(Acquisitions) disposals of minority interests	**(1)**	(12)
Dividends	**(22)**	(13)
Debt related to put options granted to minority shareholders	**(20)**	(14)
Changes in scope of consolidation	**-**	(4)
Fair value of financial instruments designated as hedges of debt	**(25)**	23
Impact of classification of assets as held for sale	**(1)**	3
Effect on cash of changes in exchange rates and other	**(18)**	(6)
Net debt at 31 December	**(1,535)**	**(1,733)**

5.3 LAGARDÈRE SA CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2021

Consolidated income statement

(in millions of euros)		2021	2020
Revenue	*(Notes 5 and 6)*	**5,130**	4,439
Other income from ordinary activities		**41**	41
Total income from ordinary activities		**5,171**	**4,480**
Purchases and changes in inventories		**(1,740)**	(1,438)
External charges		**(1,575)**	(1,473)
Payroll costs		**(1,211)**	(1,186)
Depreciation and amortisation other than on acquisition-related intangible assets		**(189)**	(187)
Depreciation of right-of-use assets	*(Note 18)*	**(374)**	(473)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		**(109)**	(109)
Restructuring costs	*(Note 8)*	**(44)**	(55)
Gains (losses) on disposals of assets	*(Note 9)*	**17**	(7)
Gains and losses on leases(*)	*(Note 18)*	**131**	171
Impairment losses on goodwill, property, plant and equipment and intangible assets	*(Note 10)*	**(17)**	(151)
Other operating expenses	*(Note 11)*	**(59)**	(126)
Other operating income	*(Note 12)*	**64**	63
Income (loss) from equity-accounted companies	*(Note 20)*	**1**	(58)
Profit (loss) before finance costs and tax	*(Note 5)*	**66**	**(549)**
Financial income	*(Note 13)*	**14**	8
Financial expenses	*(Note 13)*	**(78)**	(84)
Interest expense on lease liabilities	*(Note 18)*	**(68)**	(74)
Profit (loss) before tax		**(66)**	**(699)**
Income tax benefit (expense)	*(Note 14)*	**(22)**	31
Profit (loss) from continuing operations		**(88)**	**(668)**
Profit (loss) from discontinued operations(**)		**2**	(20)
Profit (loss) for the period		**(86)**	**(688)**
Attributable to:			
Owners of the Parent		**(101)**	(660)
Minority interests		**15**	(28)
Earnings per share – Attributable to owners of the Parent:			
Basic earnings (loss) per share (in €)	*(Note 15)*	***(0.75)***	*(5.11)*
Diluted earnings (loss) per share (in €)	*(Note 15)*	***(0.75)***	*(5.11)*
Earnings per share from continuing operations – Attributable to owners of the Parent:			
Basic earnings (loss) per share (in €)	*(Note 15)*	***(0.76)***	*(4.94)*
Diluted earnings (loss) per share (in €)	*(Note 15)*	***(0.76)***	*(4.94)*

(*) Including gains and losses on lease modifications, negative variable lease payments and reductions in lease liabilities obtained in connection with Covid-19 (see note 18).

(**) See note 4.3 for more details on the impact of IFRS 5 — Non-current Assets Held for Sale and Discontinued Operations.

Consolidated statement of comprehensive income

(in millions of euros)	2021	2020
Profit (loss) for the year (1)	**(86)**	(688)
Actuarial gains and losses on pensions and other post-employment benefit obligations(*)	**20**	(7)
Change in fair value of investments in non-consolidated companies	**-**	-
Other comprehensive income (expense) for the year, net of tax, that will not be reclassified subsequently to profit or loss (2)	**20**	(7)
Currency translation adjustments	**123**	(124)
Change in fair value of derivative financial instruments(*)	**(26)**	8
Share of other comprehensive income from equity-accounted companies(*)	**-**	-
Other comprehensive income (expense) for the year, net of tax, that may be reclassified subsequently to profit or loss (3)	**97**	(116)
Other comprehensive income (expense) for the year, net of tax (2)+(3)	**117**	(123)
Total comprehensive income (expense) for the year (1)+(2)+(3)	**31**	(811)
Attributable to:		
Owners of the Parent	**13**	*(778)*
Minority interests	**18**	(33)

(*) Net of tax.

Consolidated statement of cash flows

(in millions of euros)		2021	2020
Profit (loss) from continuing operations		**(88)**	(668)
Income tax benefit (expense)	*(Note 14)*	**22**	(31)
Finance costs, net	*(Note 13)*	**132**	150
Profit (loss) before finance costs and tax		**66**	(549)
Depreciation and amortisation expense		**661**	763
Impairment losses, provision expense and other non-cash items		**(2)**	148
(Gains) losses on disposals of assets and on leases		**(148)**	(164)
Dividends received from equity-accounted companies		**1**	1
(Income) loss from equity-accounted companies	*(Note 20)*	**(1)**	58
Changes in working capital	*(Note 25)*	**276**	(21)
Cash flow from operating activities		**853**	236
Income taxes paid		**(38)**	(38)
Net cash from operating activities	*(A)*	**815**	198
Cash used in investing activities			
- Purchases of intangible assets and property, plant and equipment	*(Note 5)*	**(136)**	(170)
- Purchases of investments	*(Notes 4.2 and 5)*	**(274)**	(40)
- Cash acquired through acquisitions	*(Note 5)*	**15**	13
- Purchases of other non-current assets	*(Note 5)*	**(20)**	(9)
Total cash used in investing activities	*(B)*	**(415)**	(206)
Cash from investing activities			
Proceeds from disposals of non-current assets			
- Disposals of intangible assets and property, plant and equipment	*(Note 5)*	**13**	1
- Disposals of investments	*(Notes 4 and 5)*	**78**	104
- Cash transferred on disposals	*(Note 5)*	**(2)**	(18)
Decrease in other non-current assets	*(Note 5)*	**5**	10
Total cash from investing activities	*(C)*	**94**	97
Interest received	*(D)*	**8**	5
Net cash used in investing activities	*(F)=(B)+(C)+(D)*	**(313)**	(104)
Net cash from operating and investing activities	*(G)=(A) + (F)*	**502**	94
Capital transactions			
- Minority interests' share in capital increases by subsidiaries		**101**	1
- (Acquisitions) disposals of treasury shares		**(1)**	5
- (Acquisitions) disposals of minority interests		**(1)**	(12)
- Dividends paid to owners of the Parent(*)		**-**	-
- Dividends paid to minority shareholders of subsidiaries		**(22)**	(13)
Total capital transactions	*(H)*	**77**	(19)
Financing transactions			
- Increase in debt	*(Note 28.1)*	**1,193**	334
- Decrease in debt		**(1,161)**	(323)
Total movements in debt	*(I)*	**32**	11
Interest paid	*(J)*	**(81)**	(64)
Decrease in lease liabilities	*(Note 18) - (J)*	**(216)**	(236)
Interest paid on lease liabilities	*(Note 18) - (J)*	**(20)**	(49)
Net cash used in financing activities	*(K)=(H)+(I)+(J)*	**(208)**	(357)
Other movements			
- Effect on cash of changes in exchange rates		**(12)**	11
- Effect on cash of other movements		**(9)**	(11)
Total other movements	*(L)*	**(21)**	-
Net cash from discontinued operations(**)	*(M)*	**-**	-
Change in cash and cash equivalents	(N)=(G)+(K)+(L)+(M)	**273**	(263)
Cash and cash equivalents at beginning of period		**605**	868
Cash and cash equivalents at end of period	*(Note 25)*	**878**	605

(*) Including the portion of profit for the year paid to the General Partners.
(**) See note 4.3 for more details on the impact of discontinued operations (IFRS 5).

Consolidated balance sheet

ASSETS (in millions of euros)		31 Dec. 2021	31 Dec. 2020
Intangible assets	*(Note 17)*	**971**	975
Goodwill	*(Note 16)*	**1,614**	1,461
Right-of-use assets	*(Note 18)*	**1,583**	1,939
Property, plant and equipment	*(Note 19)*	**673**	709
Investments in equity-accounted companies	*(Note 20)*	**46**	52
Other non-current assets	*(Note 21)*	**188**	212
Deferred tax assets	*(Note 14)*	**270**	239
Total non-current assets		**5,345**	5,587
Inventories	*(Note 22)*	**632**	498
Trade receivables	*(Note 23)*	**1,023**	1,050
Other current assets	*(Note 24)*	**687**	675
Cash and cash equivalents	*(Note 25)*	**937**	687
Total current assets		**3,279**	2,910
Assets held for sale	*(Note 4.3)*	**127**	-
Total assets		**8,751**	8,497

Consolidated balance sheet

EQUITY AND LIABILITIES (in millions of euros)		31 Dec. 2021	31 Dec. 2020
Share capital		**861**	800
Share premiums		**-**	4
Reserves and retained earnings		**174**	815
Profit (loss) for the year attributable to owners of the Parent		**(101)**	(660)
Other comprehensive income		**(119)**	(234)
Equity attributable to owners of the Parent		**815**	725
Minority interests	*(Note 26)*	**124**	102
Total equity		**939**	827
Provisions for pensions and other post-employment benefit obligations	*(Note 27)*	**88**	108
Non-current provisions for contingencies and losses	*(Note 27)*	**141**	174
Non-current debt	*(Note 28)*	**1,971**	1,643
Non-current lease liabilities	*(Note 18)*	**1,602**	1,833
Other non-current liabilities	*(Note 31)*	**52**	45
Deferred tax liabilities	*(Note 14)*	**263**	253
Total non-current liabilities		**4,117**	4,056
Current provisions for contingencies and losses	*(Note 27)*	**146**	168
Current debt	*(Note 28)*	**501**	793
Current lease liabilities	*(Note 18)*	**309**	413
Trade payables		**1,298**	1,042
Other current liabilities	*(Note 31)*	**1,274**	1,198
Total current liabilities		**3,528**	3,614
Liabilities associated with assets held for sale	*(Note 4.3)*	**167**	-
Total equity and liabilities		**8,751**	8,497

Consolidated statement of changes in equity

(in millions of euros)	Share capital	Share premiums	Other reserves	Treasury shares	Translation reserve	Valuation reserve	Equity attributable to owners of the Parent	Minority interests	Total equity
At 31 December 2019	**800**	**9**	**836**	**(97)**	**11**	**(37)**	**1,522**	**150**	**1,672**
Profit (loss) for the year	-	-	(660)	-	-	-	**(660)**	(28)	**(688)**
Other comprehensive income (expense) for the year[a]	-	-	(3)	-	(123)	8	**(118)**	(5)	**(123)**
Total comprehensive income (expense) for the year	**-**	**-**	**(663)**	**-**	**(123)**	**8**	**(778)**	**(33)**	**(811)**
Dividends paid	-	-	-	-	-	-	**-**	(13)	**(13)**
Parent company capital increase/reduction[b]	-	(5)	(8)	13	-	-	**-**	-	**-**
Minority interests' share in capital increases	-	-	-	-	-	-	**-**	1	**1**
Changes in treasury shares	-	-	-	5	-	-	**5**	-	**5**
Share-based payments	-	-	5	-	-	-	**5**	-	**5**
Effect of transactions with minority interests	-	-	(12)	-	-	-	**(12)**	12	**-**
Changes in scope of consolidation and other	-	-	(23)	-	-	6	**(17)**	(15)	**(32)**
At 31 December 2020	**800**	**4**	**135**	**(79)**	**(112)**	**(23)**	**725**	**102**	**827**
Impact of the retrospective application of IFRS amendments and IFRIC agenda decisions	-	-	15	-	-	-	**15**	-	**15**
At 1 January 2021	**800**	**4**	**150**	**(79)**	**(112)**	**(23)**	**740**	**102**	**842**
Profit (loss) for the year	-	-	(101)	-	-	-	**(101)**	15	**(86)**
Other comprehensive income (expense) for the year[a]	-	-	20	-	120	(26)	**114**	3	**117**
Total comprehensive income (expense) for the year	**-**	**-**	**(81)**	**-**	**120**	**(26)**	**13**	**18**	**31**
Dividends paid	-	-	-	-	-	-	**-**	(22)	**(22)**
Parent company capital increase/reduction[b]/[c]	61	(4)	142	9	-	-	**208**	-	**208**
Minority interests' share in capital increases	-	-	70	-	-	-	**70**	32	**102**
Changes in treasury shares	-	-	-	(1)	-	-	**(1)**	-	**(1)**
Share-based payments	-	-	7	-	-	-	**7**	-	**7**
Effect of transactions with minority interests	-	-	(14)	-	-	-	**(14)**	(1)	**(15)**
Changes in scope of consolidation and other[c]	-	-	(210)	-	-	2	**(208)**	(5)	**(213)**
At 31 December 2021	**861**	**-**	**64**	**(71)**	**8**	**(47)**	**815**	**124**	**939**

(a) See note 26 to the consolidated financial statements.
(b) Capital increase carried out by capitalising reserves and capital reduction carried out by cancelling treasury shares.
(c) Capital increase by capitalising reserves at 30 June 2021 (see note 1.1 Conversion of Lagardère from a partnership limited by shares into a joint-stock company).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(All figures are expressed in millions of euros unless otherwise specified)

NOTE 1 ACCOUNTING POLICIES

In application of European Commission Regulation (EC) 1606/2002 of 19 July 2002, the consolidated financial statements of the Lagardère group have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

All IFRS standards and interpretations of the IFRS Interpretation Committee (IFRS-IC) endorsed by the European Union at 31 December 2021 have been applied. They can be viewed on the website of the European Commission at https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en.

The new standards and/or amendments to IFRS adopted by the European Union that are effective for **financial periods beginning on or after 1 January 2021**, are as follows:

- Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform Phase 2.

The impact on the consolidated financial statements of applying these amendments is not significant.

The **following decisions issued by the IFRS – IC in 2021** are effective for the consolidated financial statements at 31 December 2021:

- IFRS IC – IAS 19 – Attributing Benefit to Periods of Service.

The positive net-of-tax impact of applying this agenda decision was recognised in opening equity for €7 million (see note 27 for more details).

- IFRS IC – IAS 38 – Configuration or Customisation Costs in a Cloud Computing Arrangement.

The Group is currently analysing the issues relating to the application of this agenda decision.

As of 1 January 2021, the Group chose to apply the amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021 (second IFRS 16 amendment) and up to 30 June 2022. The application of this amendment had a positive net-of-tax impact of €8 million on opening equity (see note 18 for more details).

The Group did not elect to adopt the following new amendments which had been endorsed by the European Union, but which will only be effective subsequent to 1 January 2021:

- Amendment to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract.
- Amendment to IFRS 3 – Reference to the Conceptual Framework.
- Amendment to IAS 16 – Property, Plant and Equipment – Proceeds before Intended Use.
- Annual Improvements to IFRSs (2018–2020 Cycle).

The new standards and amendments to existing standards published by the International Accounting Standards Board (IASB) at 31 December 2021 **which have not yet been endorsed by the European Union and which will be effective subsequent to 2021** are as follows:

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current.
- Amendments to IAS 1 – Definition of Material as part of the Disclosure Initiative.
- Amendments to IAS 8 – Definition of Accounting Estimates.
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The Group is currently analysing the potential impact on its consolidated financial statements of applying the above amendments.

The consolidated financial statements were approved for issue by the Board of Directors on 16 February 2022 and are subject to the approval of the General Meeting of Shareholders on 22 April 2022.

Measurement principles

The financial statements have been prepared using the historical cost method, except for certain financial assets and liabilities which have been measured at fair value where applicable under IFRS.

Use of estimates and judgements

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent amounts at the year-end, as well as the value of income and expenses for the year.

As part of the Group's strategic refocusing around two divisions, initiated in 2018, continued in 2019 and completed in 2020, gains and losses on disposals of the assets of the former Lagardère Active and Lagardère Sports divisions take account of estimates, especially those relating to earn-out clauses and vendor warranties for which provisions have been accrued. These estimates are reviewed at each reporting date.

Management reviews these estimates and assumptions at regular intervals, based on past experience and various other factors considered as reasonable, which form the basis of its assessment of the carrying amount of assets and liabilities. Actual amounts may differ from these estimates due to changes in assumptions or circumstances. The accounting principles and valuation methods applied by the Group are described in full in note 3.

1.1 CONVERSION OF LAGARDÈRE FROM A PARTNERSHIP LIMITED BY SHARES INTO A JOINT-STOCK COMPANY

On 30 June 2021, the General Meetings of the General Partners and the shareholders of Lagardère SCA (the "Company") approved its conversion into a French joint-stock company (*société anonyme*) with a Board of Directors.

At its meeting on the same day, the Board of Directors decided that the general management of the Company would be conducted by the Chairman of the Board of Directors, and to that effect appointed Arnaud Lagardère as Chairman and Chief Executive Officer for his six-year term of office as director. The Board also appointed Pierre Leroy as Deputy Chief Executive Officer for the same term.

To compensate for the loss of their financial and non-financial rights, the General Partners, Arnaud Lagardère and Arjil Commanditée-Arco, received ten million new shares corresponding to around 7.09% of the Company's share capital post-issuance. This transaction has no impact on equity. The capital increase of €61 million was deducted from premiums and other reserves. In the consolidated financial statements, the transaction resulted in the recognition in consolidated equity of the shares issued valued at the share price on 30 June 2021 for €208 million, neutralised in consolidated reserves.

Expert, financial and legal fees incurred by Lagardère in the context of the conversion, amounting to €16 million, were recognised in full under restructuring costs in the consolidated financial statements for the year ended 31 December 2021 (see note 8).

Management services, which are governed by the Service Agreement currently in force between Lagardère Management and the Group, will be brought in house in 2022.

1.2 IMPACT OF THE COVID-19 PANDEMIC

The health crisis continued in 2021, with restrictions gradually lifted in some countries in the first half of the year, and then re-introduced at the end of the year.

The Group extended the measures introduced in 2020 to adapt payroll costs, marketing costs and overheads, and renegotiate lease payments under concession agreements.

At 31 December 2021, there was persistent uncertainty as to the development of the epidemic and the resulting government measures. The Group has adopted assumptions that allow it to measure the impacts of the pandemic on its financial statements using past experience along with other factors deemed reasonable in the circumstances.

Impairment tests on goodwill and intangible assets with indefinite useful lives

The impairment tests carried out at the end of the year took into account the Covid-19 pandemic and its persistent impact on business operations. Based on these impairment tests, the Group recognised €17 million in **impairment losses** (see note 10), including:

- €10 million for intangible assets at Lagardère Travel Retail, primarily in the United States, owing to the termination of certain concessions;
- €5 million for property, plant and equipment at Lagardère Travel Retail, due to the discontinuation of certain formats;
- €2 million for Casino de Paris goodwill.

The assumptions used for each division and impairment test sensitivity are detailed in note 10.

Renegotiations of lease payments under concession agreements

As in 2020, Lagardère Travel Retail negotiated rent relief with airports, hospitals and train stations based on the development of the epidemic and the government restrictions in each country. These took various forms:

- the cancellation of all or part of fixed lease payments or guaranteed minimum payments over a given period and/or the replacement of such payments by variable lease payments;
- the cancellation of fixed lease payments or guaranteed minimum payments based on applicable contractual conditions;
- more general revisions to lease payments, lease terms and the premises leased.

Only renegotiated terms effective at 31 December 2021 have been taken into account. The Group applied the IFRS 16 amendments published in May 2020 and March 2021, under which rent relief obtained in connection with Covid-19 may be recognised, until 30 June 2022, as a deduction from lease liabilities against a gain in the income statement.

The second amendment to IFRS 16 published in March 2021 extends the period during which the practical expedient can be applied from 30 June 2021 to 30 June 2022. Accordingly, certain leases under which rent relief was granted beyond 30 June 2021 could not be recognised as a gain in the 2020 income statement. The positive impact of the retrospective application of this second amendment was recognised in opening equity at 1 January 2021 for €8 million.

At 31 December 2021, lease liabilities and right-of-use assets were reduced by €335 million and €356 million, respectively. This reduction is partly the result of lease negotiations held due to the health crisis and can be analysed as follows:

- a reduction in lease liabilities recognised against a **gain on leases amounting to €131 million** (of which €126 million in respect of concession agreements), following rent relief obtained in connection with the Covid-19-related amendments to IFRS 16, accounted for as a negative variable lease payment;
- a reduction in lease liabilities recognised against right-of-use assets for **a net amount of €156 million** as a result of **lease modifications** providing for rent reductions in return for an increase in the lease term, and **€63 million** relating to **revised guaranteed minimum rent on concession agreements** and reasonably certain lease terms.

The impact of applying IFRS 16 only to concession agreements is neutralised when calculating recurring operating profit of fully consolidated companies, since the fixed rental expense for the period is added back and the depreciation charged against the right-of-use asset is cancelled.

The impacts of lease payment renegotiations on the consolidated financial statements are described in note 18.

Grants received or receivable

Certain entities benefited from state or local authority support packages in the amount of €82 million in 2021 compared to €71 million in 2020. Specific measures related to furlough represented €42 million in 2021.

Deferred taxes recognised on tax losses

No significant write-downs were recognised during the year in respect of tax losses prior to 2021.

Liquidity

At 31 December 2021, the Group's liquidity stood at €2,039 million, comprising €937 million in cash and cash equivalents and an undrawn renewable credit facility of €1,102 million granted by a syndicate of the Group's banking partners.

In early January 2021, the Lagardère group arranged:

- a loan for €465 million, 80% of which is backed by the French state ("PGE"). The initial maturity of this loan is 12 months, with an extension option for up to five additional one-year periods (exercisable at the Company's discretion at the end of the one-year term). This loan was repaid in full ahead of maturity on 8 December 2021;
- an amendment and extension of its revolving credit facility with its banking partners, which involved adjusting the amount of the facility to €1,102 million and extending the term of a €1,002 million tranche from May 2022 to May 2023.

At the end of September 2021, the Group issued a €500 million bond maturing in October 2027 and bearing annual interest at a fixed rate of 1.75%. In parallel, the Group used €150 million of the proceeds from this issue to partially redeem the €500 million bond issued in 2016 and maturing in April 2023.

The Group considers that it has sufficient liquidity to cover its financing requirements over the next 12 months, both in relation to funding its operations and to repaying €501 million in debt falling due (including €338 million in commercial paper at 31 December 2021).

1.3 NON-FINANCIAL INFORMATION AND GREEN TAXONOMY

The European Union has set up an action plan for companies, to regulate information to be published on climate risks.

Among the measures in this action plan, the "green" taxonomy introduces an obligation for companies subject to the non-financial statement (NFS) to publish, for the 2021 financial year onwards, the amounts of revenue, capital expenditure and operating expenses set aside for economic activities considered "eligible" (i.e., covered by the taxonomy). The list of eligible activities is published by delegated act of the European Commission.

The information to be published for the 2022 financial year also includes the amounts of revenue, capital expenditure and operating expenses that are "aligned" with the taxonomy among the identified eligible activities. According to the European Commission, an activity must meet the following conditions to be recognised as "taxonomy-aligned": (i) it makes a substantial contribution to at least one of the EU's six environmental objectives, (ii) it does no significant harm to the five other environmental objectives, and (iii) it complies with the minimum social safeguards.

The list of eligible activities and the alignment criteria published to date by the European Commission cover two of the six environmental objectives: climate change mitigation and climate change adaptation. The other four objectives will be covered by further delegated acts currently being published by the European Commission, including the technical screening criteria to be met.

In the second half of 2021, a task force comprising the Corporate Social Responsibility (CSR) and

Finance departments was set up within the Group, with members from each division. This task force identified the taxonomy-eligible activities in the Group at 31 December 2021. The task force will continue to meet over the next few years to work on the alignment of these activities, as well as on the new technical screening criteria covering the remaining four environmental objectives.

NOTE 2 SCOPE AND METHODS OF CONSOLIDATION

2.1 SCOPE OF CONSOLIDATION

The consolidated financial statements include the financial statements of the parent company, as well as those of entities controlled by the parent company (subsidiaries), jointly-controlled entities (joint ventures) and entities in which the Group exercises significant influence over their management and financial policy decisions (associates). The Group does not have any unconsolidated structured entities.

In accordance with IFRS 10, subsidiaries are all controlled entities. Control results from the following three elements, regardless of the ownership interest held in an entity: (i) the power to direct the entity's key activities (operating and financial activities), (ii) exposure, or rights, to variable returns from the involvement with the entity, and (iii) the ability to use power over the entity to affect the amount of returns from the investment in the entity. For the purpose of assessing power, only substantive rights and rights that are not protective are considered. Substantive rights, such as those conferred in shareholder agreements, are rights that are exercisable when decisions about the direction of key activities need to be made.

A joint venture is an arrangement over which the Group and another party, or parties, have contractually agreed joint control and have rights to the assets, and obligations for the liabilities, relating to the arrangement. Decisions concerning the key activities of a joint venture are submitted to a unanimous vote of Lagardère and its joint venturers.

Associates are entities over which the Group exercises significant influence, i.e., when it has the power to participate in financial and operating decisions, but does not have control or joint control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the entity's capital.

2.2 CONSOLIDATION METHODS

The consolidation methods used are as follows:

- **Full consolidation** – All subsidiaries controlled by Lagardère are fully consolidated. The full consolidation method consists of combining the financial statements line by line and recognising minority interests in the net assets of each subsidiary on a separate line in equity and on separate lines in the income statement and comprehensive statement of income. Any changes in Lagardère's ownership interest in a subsidiary that does not result in a loss of control is recognised directly in equity (see note 3.7).
- **Equity method** – Joint ventures and associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost and is adjusted thereafter for the post-acquisition change in the Group's share of the entity's net assets. If the Group's share of losses of an equity-accounted entity equals or exceeds its interest in that entity, its interest is reduced to zero. After the Group's interest has been reduced to zero, additional losses are provided for only to the extent that the Group has incurred legal or constructive obligations in relation to such losses.

A list of consolidated companies is provided in note 38 to the consolidated financial statements.

2.3 CLOSING DATES

The financial statements of all consolidated subsidiaries were closed at 31 December.

2.4 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The financial statements of foreign subsidiaries are translated into euros as follows:

- balance sheet items are translated using official year-end exchange rates;
- income statement items are translated using average exchange rates for the year.

The resulting exchange differences are recognised as a separate component of equity, under "Translation reserve".

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are considered as assets and liabilities of the subsidiary concerned. They are therefore measured in the subsidiary's functional currency and translated at the year-end exchange rate. When a foreign subsidiary is sold, cumulative exchange differences recognised in equity are reclassified to profit or loss.

2.5 INTRA-GROUP BALANCES AND TRANSACTIONS

Intra-group balances and transactions are eliminated on consolidation. Impairment losses deducted from the carrying amount of investments in and receivables from consolidated companies are cancelled by adjusting equity, and movements for the year are neutralised in the income statement.

NOTE 3 ACCOUNTING PRINCIPLES AND VALUATION METHODS

3.1 REVENUE

Revenue includes sales of products and services resulting from contracts with customers and is recognised whenever control of the promised goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services.

Revenue recognition methods vary depending on the division, as summarised below:

Lagardère Publishing: revenue corresponds mainly to sales of goods and circulation of publications. Sales are shown net of rebates, distribution commissions and the right of return, where applicable. When an entity acts solely as agent, sales represent the net margin.

When a right of return is granted to distributors for unsold items, estimates of the amount of returns are recognised as a refund liability within other current liabilities for the portion relating to the decrease in revenue, or as a refund asset within inventories and other current assets, respectively for the portions relating to inventories and advances paid to authors. The refund liability recognised as a deduction from revenue is estimated on the basis of forecast sales during the year and of historical data regarding returns. This estimate is calculated on a statistical basis using the actual rate of returns for the previous year, adjusted for fluctuations in sales volumes and changes in the operating environment during the current year.

Lagardère Travel Retail: revenue mainly comprises retail sales in travel areas and concessions in the Travel Essentials, Duty Free & Fashion and Foodservice segments, as well as retail sales in convenience stores. Revenue is recognised at the point in time of the retail sale. For certain goods and services (sales of prepaid telephone cards, press distribution, etc.), the entity acts as agent and recognises the net commission received as revenue.

Other Activities: revenue mainly comprises the sale of advertising space, magazine circulation and income from licences and digital services. For all of these activities, revenue corresponds to advertising receipts, sales of editions and subscriptions, and digital services. Revenue is recognised at the time adverts are broadcast and editions are published. Revenue from licences for the Press business is recognised when the sale is completed by the licence holder during the period covered by the contract. For certain businesses – for example, Advertising Sales Brokerage – the division acts as an agent and revenue corresponds solely to the commission received.

3.2 PERFORMANCE MEASURES USED BY THE GROUP

Lagardère uses alternative performance measures which serve as key measures of the Group's operating and financial performance. These indicators are tracked by the Executive Committee in order to assess performance and manage the business, as well as by investors to monitor the Group's operating performance, along with the financial metrics defined by the IASB. These indicators are calculated based on elements taken from the consolidated financial statements prepared under IFRS and a reconciliation with those accounting items is provided either in this financial report or in any other documents in which they are presented.

Recurring operating profit of fully consolidated companies

The Group's main performance measure is recurring operating profit of fully consolidated companies, which is calculated as follows:

Profit before finance costs and tax

Excluding:

- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets;

- items related to leases and to finance sub-leases:
  - excluding gains and losses on leases,
  - excluding depreciation of right-of-use assets under concession agreements,
  - including decreases in lease liabilities under concession agreements,
  - including interest paid on lease liabilities under concession agreements,
  - including changes in working capital relating to lease liabilities under concession agreements;
- specific major disputes unrelated to the Group's operating performance.

= Recurring operating profit

Less:

- income from equity-accounted companies before impairment losses.

= Recurring operating profit of fully consolidated companies

In the Travel Retail business, fees (rent) paid to concession grantors are either variable, fixed, or variable with a minimum guaranteed amount. Applying IFRS 16 to these contracts distorts the understanding of the division's performance – since it only applies to the fixed portion of rental payments – and therefore the readability of the financial statements in monitoring operations. To ensure that the indicator remains relevant and reflects the economic substance of concession agreements, the Group has decided to neutralise the impact of IFRS 16 on recurring operating profit of fully consolidated companies as regards concession agreements only.

Profit before finance costs and tax includes amortisation of certain intangible assets with finite useful lives which resulted from allocation of the acquisition price of business combinations. The Group neutralises the effects of these items when calculating recurring operating profit and recurring operating profit of fully consolidated companies, so that book amortisation with no effect on cash generated by the businesses acquired is eliminated from the measurement of performance.

The application from 1 January 2010 of the revised versions of IFRS 3 and IAS 27 on business combinations resulted in the recognition in the income statement of the following items that were previously charged to goodwill: acquisition-related expenses and changes in liabilities corresponding to earn-out clauses when such changes occur more than 12 months after the acquisition date. These items are excluded from the calculation of recurring operating profit.

The reconciliation of recurring operating profit of fully consolidated companies to profit before finance costs and tax for 2021 and 2020 is presented in note 5.

Like-for-like revenue

Like-for-like revenue is used by the Group to analyse revenue trends excluding the impact of changes in the scope of consolidation and exchange rates.

The like-for-like change in revenue is calculated by comparing:

- revenue for the year, adjusted for companies consolidated for the first time during the year and revenue for the previous year adjusted for consolidated companies divested during the year;
- revenue for the previous year and revenue for the current year, adjusted on the basis of exchange rates applicable in the previous year.

The scope of consolidation comprises all fully consolidated entities. Additions to the scope of consolidation (companies consolidated for the first time during the year) correspond to business combinations (acquired investments and businesses), and deconsolidations (consolidated companies divested during the year) correspond to entities over which the Group has ceased to exercise control (full or partial disposals of investments and businesses, such that the entities concerned are no longer included in the Group's financial statements using the full consolidation method).

Like-for-like revenue is set out in note 6.

Free cash flow

Free cash flow is calculated as the sum of cash flow from operating activities, income taxes paid, the decrease in lease liabilities and the related interest paid, plus net cash flow relating to acquisitions and disposals of property, plant and equipment and intangible assets.

The reconciliation between cash flow from operating activities and free cash flow is set out in note 5.

Lease liabilities differ from bank or bond debt and will not therefore be included in the calculation of net debt. Consequently, payments made to decrease the lease liability will be considered within operating and not financial items when calculating free cash flow.

Free cash flow before changes in working capital

Free cash flow before changes in working capital is calculated by deducting changes in working capital from free cash flow.

Free cash flow before changes in working capital is presented in note 5.

Net debt

Net debt is calculated as the sum of the following items:

- short-term investments and cash and cash equivalents;
- financial instruments designated as hedges of debt;
- non-current debt;
- current debt.

= Net debt

As indicated in note 3.9, IFRS 16 eliminates the distinction between finance leases and operating leases. Accordingly, liabilities under finance leases are now excluded from debt and included within lease liabilities.

The reconciliation between balance sheet items and net debt is set out in note 28.

3.3 TRANSLATION OF FOREIGN CURRENCY TRANSACTIONS

In the balance sheet, foreign currency receivables and payables are translated into euros at the year-end exchange rate. The resulting exchange differences are recognised in profit or loss, except for those related to long-term financing of the Group's net investment in foreign operations, which are recognised directly in equity.

3.4 SHARE-BASED PAYMENTS

Free shares have been awarded to certain executives and employees of the Group. In accordance with IFRS 2 – Share Based Payment, an expense is recognised in payroll costs representing the benefit granted to beneficiaries as of the grant date, and a matching entry is recognised directly in equity. The fair value of the share-based payment is calculated using a Black & Scholes type model for free share grants, taking into account the plan's features (exercise price and period) and market factors at the grant date (risk-free interest rate, share price, volatility, projected dividends).

This expense is recorded over the vesting period and may be adjusted during that period if beneficiaries leave the Group or if options or share grants are forfeited. It is not adjusted to reflect subsequent movements in the share price.

3.5 FINANCIAL INCOME AND EXPENSES

These items correspond to interest expenses on borrowings and income from the investment of available cash. They also include gains and losses on derivative instruments related to borrowings, short-term investments, and cash and cash equivalents. Note 3.9 sets out interest expense on lease liabilities.

3.6 DEFERRED TAXES

Deferred taxes are recognised for temporary differences between the carrying amount of assets and liabilities and their tax base. In accordance with the liability method, they are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Adjustments to deferred taxes for changes in tax rates are recognised in profit for the year in which the change is announced. In accordance with IAS 12 – Income Taxes, deferred tax assets and liabilities are not discounted.

At the level of each tax entity (company or tax group), deferred tax assets arising from deductible temporary differences, tax credits and tax loss carryforwards are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised. As a general rule, the amount of deferred tax assets recognised by tax entities that have tax loss carryforwards is capped at the equivalent of the estimated amount of taxes payable for the next three years, as determined based on the earnings forecasts contained in the budgets drawn up at the end of the year.

For investments in equity-accounted companies, when the difference between the carrying amount of the investment and the tax base corresponds to the associate's or joint venture's cumulative undistributed profits from the acquisition date, the related deferred tax is calculated at the tax rate that will be paid by the Group when the profits are distributed.

Temporary differences relating to right-of-use assets and to lease liabilities give rise to the recognition of deferred tax (see note 3.9).

Deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that they arise from a transaction which is recognised directly in equity, in which case they are credited or charged to equity.

3.7 BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for in accordance with IFRS 3, which has been effective since 1 January 2010, and IFRS 10, which has superseded the part of IAS 27 that addresses the accounting for consolidated financial statements, effective from 1 January 2014.

Goodwill generally corresponds to the excess of the cost of an acquisition over the acquisition-date fair value of the acquirer's interest in the net identifiable assets acquired and liabilities assumed. This is defined as the "partial goodwill" method, as minority interests are measured based on their share in the assets and liabilities of the acquired entity.

Minority interests may also be measured at fair value, which results in the recognition of goodwill on minority interests, as well as goodwill on the portion acquired by the majority shareholder. This is known as the "full goodwill" method. In accordance with IFRS 3, the Group can opt to use either the partial or full goodwill method on a transaction by transaction basis for each business combination.

If the acquirer's interest in the net fair value of the identifiable assets and liabilities exceeds the price paid for the business combination, the excess is recognised immediately in profit or loss.

Where there is a change in ownership interest in a subsidiary that does not result in loss of control, the transaction is accounted for as an equity transaction with owners, leading to a new allocation of equity between owners of the parent and minority interests. Consequently, the goodwill initially recognised when the Group took control of the subsidiary is not remeasured and the difference between the price paid/consideration received for the new transaction and the change in minority interests is recognised directly in equity.

Where a change in ownership interest results in a loss or gain of control of an entity, the Group's interest in the entity concerned prior to the disposal/acquisition is remeasured at fair value and the resulting gain or loss on the disposal/acquisition is recognised in profit or loss.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Acquisition-related expenses are recognised in the income statement in the year in which they are incurred. Any adjustments to the purchase price of a business combination – including earn-out payments – occurring more than 12 months after the acquisition date are recorded in profit or loss.

Goodwill is not amortised, but is tested for impairment at each year-end or whenever there is an indication that its value may be impaired. The method used to test goodwill for impairment is described in note 3.12 below.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the disposal gain or loss.

Goodwill related to equity-accounted companies is included in the carrying amount of the investment.

3.8 INTANGIBLE ASSETS

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses. They are amortised over their probable useful life. Intangible assets with an indefinite useful life are not amortised, but are tested regularly for impairment in the same way as goodwill (see note 3.12 below).

No development costs are incurred in the Group's operating activities that meet the capitalisation criteria under IFRS.

Concession agreements in the Travel Retail business acquired through business combinations are valued based on the estimated cash flows forecast over the residual term of the contract acquired plus any renewal period, in order to take into account the ability of the acquired entity to renew these agreements with the concession grantors.

The value corresponding to the estimated cash flows forecast over the residual term of the contract acquired is amortised over the remaining term of the concession. The value representing the future economic benefits arising from the renewal of the concession is amortised over the term of the renewed concession, as from the effective date of the renewal. If it appears likely that the agreement will not be renewed, the value of the concession is written down. Concessions are amortised over periods ranging from 6 to 30 years, with the average amortisation period being 15 years.

Software acquisition and development costs are capitalised when all criteria for capitalisation are met. For Software as a Service (SaaS), an analysis is under way in order to comply with the IFRS IC's April 2021 agenda decision – Configuration or Customisation Costs in a Cloud Computing Arrangement (see note 1) on capitalisation criteria, particularly with regard to the transfer of control.

3.9 LEASES

IFRS 16 eliminates the distinction between finance leases and operating leases. As a result, a lease liability is recognised in the lessee's balance sheet, representing the present value of lease payment commitments including fixed lease payments and guaranteed minimum payments for Travel Retail. This lease liability is recognised against a right-of-use asset corresponding to the items under lease (retail premises, office buildings, etc.).

The Group's main leases correspond to concession agreements in transport hubs and hospitals, and to a lesser extent building leases. Vehicles and equipment account for only a small part of leased assets.

The Group has decided not to restate contracts with an initial term of less than 12 months and leases with a low-value underlying asset.

The Group sub-lets retail premises and office space under operating leases in which it acts as lessor. The associated income from sub-leasing such premises continues to be included within other operating income.

In certain cases, sub-leases cover substantially all of the risks and rewards of the principal lease, and are recognised as finance leases. Right-of-use assets relating to the principal lease are derecognised and a financial receivable booked.

Special terms of concession agreements in the Travel Retail business

In the course of its ordinary business operations, Lagardère Travel Retail enters into concession agreements with concession grantors (airports, railway stations, hospitals, etc.). These agreements grant the concession operator access to certain passenger flows and to the resulting revenue, against the payment of fees (rent) in respect of the leased retail premises and the right to use those premises. These fees are either variable, fixed, or variable with a guaranteed minimum payment. They can be renegotiated with the concession grantor in the event of changes in the economic terms and conditions of the contract or in applicable regulations.

The formulae used to calculate these variable payments are generally based on a percentage of revenue earned by product category and/or on trends in passenger flows and/or on changes in various external indices including inflation.

Guaranteed minimum payments may be fixed by the concession agreement and/or calculated based on a minimum percentage of fees paid in the previous year and may include a minimum amount. In this case, the fees are considered as fixed payments in substance, as despite having a variable component, they are unavoidable.

Measurement of the right-of-use asset and the lease liability

The lease liability and the right-of-use asset are equal at the start of the lease, and adjusted where applicable for:

- prepayments, which are recognised as an increase in the right-of-use asset;
- incentives granted by lessors, which are recognised as a deduction from the right-of-use asset;
- initial direct costs incurred to obtain the contract, which are recognised as an increase in the right-of-use asset;
- penalties due in respect of early termination or non-renewal options, if these options are reasonably certain to be exercised, which are recognised as an increase in the lease liability.

The right-of-use asset is then depreciated on a straight-line basis until the date the contract is reasonably certain to expire. Where ownership of the leased asset is transferred at the end of the lease, or where the lessee has a purchase option, the depreciation period represents the useful life of the underlying asset.

The lease liability is measured and recognised at amortised cost using the effective interest rate method.

Temporary differences relating to the right-of-use asset and to the lease liability give rise to the recognition of deferred tax.

The date on which lease contracts are reasonably certain to expire, which is used to **calculate the term** of the lease, is determined by local management for each individual lease, and is reassessed on the occurrence of a significant event or change in circumstances that is within the entity's control. In December 2019, IFRS-IC published an agenda decision regarding:

- the enforceable period of renewable leases and cancellable leases where either party can give notice to terminate; and
- the relationship between the useful life of any related non-removable leasehold improvements and the lease term determined applying IFRS 16.

The agenda decision did not affect the Group's financial statements. The useful lives of non-removable leasehold improvements are generally aligned with the term of the leases to which they relate.

For concession agreements, which account for the bulk of the Group's leases, the term is fixed by the concession grantor. The concession operator (lessee) does not generally have the ability to extend the term of the concession. Similarly, most concessions are extended through a tender process.

The **discount rates** used, calculated at the start of each lease term, reflect the lessee's incremental borrowing rate. Discount rates applied to euro-denominated leases are determined based on the yield curve for EUR swaps plus the financing component. Discount rates applied to foreign currency leases are determined based on the yield curve for the currency concerned, plus the financing component in the same currency. The rate applied for each lease takes into account the lease payment profile.

Lease modifications and remeasurements

In the event of a reduction in the lease term or in the surface area leased, the right-of-use asset and lease liability are reduced accordingly in line with the percentage decrease, with the offsetting entry posted to gains and losses on leases in the income statement. The residual lease liability is then adjusted against the right-of-use asset, after discounting the asset at the discount rate revised as of the date of the modification.

Increases in the lease term or in the surface area leased do not generate gains or losses on lease modifications, but lead to the remeasurement of the lease liability using a discount rate revised as of the date of the modification, recognised against an adjustment to the right-of-use asset.

Changes in the amount of the lease stipulated in the lease contract that do not involve modification of the leased surface area or lease term, will lead to a remeasurement of the lease liability with no revision of the discount rate, recognised against an adjustment to the right-of-use asset.

Presentation in the income statement and in the statement of cash flows

In the income statement, the depreciation charged against right-of-use assets, gains and losses on any lease modifications, and interest expense on lease liabilities are shown on separate lines. The variable portion of lease payments, along with rental expenses under leases with a term of less than 12 months or with a low-value underlying asset, continue to be recorded in the income statement within external charges. When premises are sub-let by the Group, the variable lease payments are recognised in "Other operating expenses", while the income from sub-leasing is included in "Other operating income".

The resulting impact on profit is negative at the commencement of the lease and positive at the end of the lease. The cumulative impact on the lease term is zero in the income statement.

In the consolidated statement of cash flows, the fixed portion of lease payments, previously included in cash flow from operating activities, is presented as a decrease in the lease liability and associated interest expense within net cash flow from financing activities. The variable portion of lease payments continues to be recorded in cash flow from operating activities. IFRS 16 has no impact on the change in net cash and cash equivalents.

Amendment to IFRS 16 – Covid-19-Related Rent Concessions

In all countries concerned by global air traffic restrictions and subsequent lockdown measures, local management held **negotiations with airports and stations** with a view to obtaining rent relief during the period when air traffic was restricted, and even after that time.

Various forms of **rent relief** were granted by lessors, including for example:

- the cancellation of all or part of guaranteed minimum payments over a given period and/or the replacement of such payments by variable lease payments;
- the cancellation of fixed lease payments or guaranteed minimum payments based on applicable contractual conditions;
- more general revisions to rents, lease terms and premises leased.

Where lease negotiations led to the cancellation of all or part of rent or guaranteed minimum payments over a period up to 30 June 2022 with no substantive changes in other terms and conditions of the lease, **the IFRS 16 amendments were applied, resulting in a reduction of lease liabilities recognised against a gain in the income statement (gain on leases)**.

When rent relief resulted from the direct application of a contractual clause in the original lease (force majeure, sharp reduction in passenger numbers, store closures, etc.), **it represents a negative variable lease payment**, which is recognised as a deduction from lease liabilities against a gain in the income statement (gain on leases).

Lastly, if more general negotiations also include a revision of the lease term or premises leased, or if conditional or unconditional relief is granted beyond 30 June 2022, these changes are accounted for as a **lease modification**. In this case, the lease liability is discounted using a revised discount rate and adjusted against the right-of-use asset.

3.10 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured using the historical cost method. The Group did not elect to apply the option available under IFRS 1 – First-Time Adoption of International Financial Reporting Standards to measure items of property, plant and equipment at their fair value at the IFRS transition date (1 January 2004). Furthermore, as the Group's assets do not qualify for capitalisation of borrowing costs under IAS 23 (revised), which applies to assets requiring a long period of preparation before they can be used or sold, borrowing costs are directly charged to the income statement.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. The ranges of useful lives applied to the main categories of property, plant and equipment are as follows (in years):

Buildings	6 to 50
Machinery and equipment	3 to 20
Other equipment, furniture, fixtures and fittings	2 to 10

The depreciable amount corresponds to the cost of the asset less any residual value at the end of its useful life. With the exception of the Group's registered office building, property, plant and equipment are generally considered as having no residual value.

3.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The carrying amount of inventories does not include any borrowing costs as they do not meet the requirements for capitalisation under IAS 23 (revised) (see note 3.10).

3.12 IMPAIRMENT TESTS

The Group reviews the carrying amount of property, plant and equipment and intangible assets at least once a year at the reporting date to determine whether there is any indication that their value may be impaired. One such indication is evidence that an asset's economic performance is or will be worse than expected. If such an indication exists, the recoverable amount of the asset is estimated and compared with its carrying amount. The recoverable amount of goodwill and intangible assets with an indefinite useful life is estimated at the end of each reporting period, irrespective of whether there is any indication of impairment. When the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised on goodwill are irreversible.

If it is not possible or pertinent to estimate the recoverable amount of an individual asset, the estimate is performed at the level of the cash-generating unit to which the asset belongs.

Recoverable amount corresponds to the higher of:

- value in use calculated using the discounted cash flows method, applied to the individual asset or to the cash-generating unit to which the asset belongs;
- fair value less costs to sell calculated using the market comparables method or a method based on the price of recent transactions involving similar assets.

Cash flow projections are based on business plans drawn up at the reporting date, generally covering a period of three years. They are approved by the Board of Directors. Cash flow projections beyond that period are estimated using a growth rate that reflects the average long-term growth rate observed in the industry. This process involves the use of key assumptions and judgements to determine trends in the markets in which the Group operates, and actual future cash flows may differ from the estimates used to calculate value in use.

The discount rates used are post-tax rates determined separately for each business, applied to post-tax cash flows.

3.13 CONTRACT ASSETS AND LIABILITIES

Estimating the amount of revenue earned in a given reporting period results in a time lag between the date the services are rendered and the date the company has the right to receive payment from the customer. This difference results in the recognition of contract assets.

Conversely, payments received from customers before all or part of the corresponding services have been provided give rise to contract liabilities.

3.14 FINANCIAL ASSETS

Investments in non-consolidated companies

Investments in non-consolidated companies are carried at fair value through profit or loss, except for certain equity instruments which may be carried at fair value through other comprehensive income, where at the first-time application date for IFRS 9 or initial recognition, the Group has made an irrevocable election to do so on initial recognition. In this case, changes in fair value carried in other comprehensive income are not reclassified to profit or loss even when the related instruments are sold (only dividend income is included in profit or loss).

Since shares in venture capital funds (FCPR) do not meet the criteria for classification at fair value through other comprehensive income that may not subsequently be reclassified, they are carried at fair value through profit or loss.

Loans and receivables

Non-current loans and receivables are measured at amortised cost, calculated using the effective interest method. Upon initial recognition, impairment is systematically recognised to the extent of any credit losses expected to result from events that could occur in the next 12 months. If there has been a significant deterioration in the counterparty's credit quality, the initial impairment loss is increased to cover the full amount of expected losses over the remaining term of the receivable.

Trade receivables and operating receivables are carried at amortised cost and are impaired based on the IFRS 9 simplified model. Impairment amounts are determined differently for each business:

- Individual impairment assessed on a case-by-case basis taking into account (i) the counterparty's risk profile; (ii) historical probabilities of default; (iii) probabilities of default supplied by rating agencies; (iv) any credit insurance; and (v) estimated losses for receivables in respect of which a credit event has been identified.
- Collective impairment assessed on a statistical basis (primarily in Lagardère Publishing) using an impairment matrix based on an aged receivables analysis and expected losses.

Cash and cash equivalents

Cash and cash equivalents include:

- cash and demand deposits;
- deposits and loans with maturities of less than three months;
- marketable securities, such as money market funds, that are not exposed to a significant risk of changes in value and are readily convertible into known amounts of cash. These are recognised at fair value through profit or loss.

Shares, bonds, deposits and loans with maturities of more than three months are excluded from cash and cash equivalents and reported in the balance sheet as investments.

3.15 FINANCIAL LIABILITIES

Financial liabilities comprise borrowings, trade payables and other liabilities. They are measured at amortised cost using the effective interest method.

Specific measurement rules apply to financial liabilities hedged by derivative instruments. These rules are described below in note 3.16.

3.16 PUT OPTIONS GRANTED TO MINORITY SHAREHOLDERS

In its operating activities, the Group has granted put options to the minority shareholders of certain fully consolidated subsidiaries for the sale of their investments on defined terms. For some of these options, the exercise price was not fixed at the outset, and will be determined based on independent valuations.

In compliance with IAS 32, the put options are recognised in debt at their estimated present value.

In the income statement, consolidated profit for the year is presented on two separate lines: profit attributable to owners of the Parent and profit attributable to minority interests, based on the legal rights effectively held.

For put options granted prior to 1 January 2010 – the effective date of IFRS 3 (revised) relating to business combinations – any change in the estimated amount of the debt is recognised as an adjustment to goodwill. For put options granted after 1 January 2010, changes in the value of the debt are recorded in equity.

3.17 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge currency and interest rate risks. These instruments are initially recognised in "Other current assets" or "Other current liabilities" at fair value, which generally corresponds to their acquisition price. They are marked to market at the end of each reporting period and the corresponding fair value remeasurement gains or losses are recognised in the income statement.

However, certain derivative instruments are classified as fair value hedges (mainly of currency and interest rate risks on debt) or cash flow hedges (on future sales and purchases).

These instruments qualify for hedge accounting if the following conditions are met:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the hedge is expected to be highly effective and its effectiveness can be reliably measured from its inception.

The accounting impacts of applying hedge accounting are described below.

Fair value hedges

Derivative instruments and hedged items are measured at fair value. Changes in the fair value of the derivative instrument and the hedged item are recognised in profit or loss on a symmetrical basis. When the hedge is effective, the change in the fair value of the hedged item offsets an opposite change in the fair value of the hedging instrument.

Cash flow hedges

Derivative instruments used as cash flow hedges are measured at fair value and no specific accounting treatment is applied to the hedged items. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

The cumulative gains and losses recognised in equity are reclassified into profit or loss when the hedged transaction takes place.

Net investment hedges

The Group hedges exchange gains and losses generated by certain net investments in foreign operations. The corresponding hedging instruments are measured at fair value. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit or loss.

Cumulative gains and losses recognised in equity are reclassified into profit or loss when the net investment is sold.

3.18 TREASURY SHARES

Lagardère SA shares held by the Company or other Group entities are deducted from consolidated equity. When treasury shares are sold outside the Group, the after-tax gain or loss is also recognised directly in equity.

3.19 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

The Group recognises provisions to cover the present value of its obligations for benefits payable to employees at the time of their retirement and after retirement, when the plans concerned qualify as defined benefit plans. For defined contribution plans, the Group's obligation consists solely of payment of premiums or contributions to external organisations, and these premiums and contributions are charged to expenses as incurred.

The defined benefit plans to which the Group subscribes are principally pension plans outside France, while in France they cover end-of-career bonuses paid to employees upon their retirement.

The present value of obligations is calculated by the projected unit credit method, under which each period of service gives rise to an additional unit of benefit entitlement.

The Group applied the IFRS IC agenda decision – Attributing Benefit to Periods of Service (see note 1) with effect from 1 January 2021. Employee benefits are attributed taking into account the existing tiers and/or caps in benefit allocation. Under the terms of the benefit plan described in the agenda decision: (i) employees are entitled to a benefit payment when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age, and (ii) the amount of the retirement benefit to which an employee is entitled depends on the length of employee service before the retirement age and is capped at a specified number of years of service.

The method takes into account inputs such as:

- expected salary increases;
- employee turnover;
- mortality rates;
- a financial discount rate.

These calculations are performed in full at least every three years, and updated annually, unless a more in-depth review is required due to exceptional events such as substantial amendments to the terms of the plan, or to the categories of employees covered.

Gains and losses resulting from changes in actuarial assumptions are charged or credited to equity in the period in which they arise. The same applies to the difference between the expected return on plan assets – which is recognised in the income statement using the discount rate applied for calculating the obligations – and the actual return on these assets.

1 2 3 4 5 6 7 8

3.20 OTHER PROVISIONS

A provision is recognised when (i) the Group has a present obligation as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision corresponds to the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions for expected contract losses are recognised when firm commitments given – notably guaranteed minimum payments – are higher than the profit that the contract is expected to generate.

Restructuring provisions are recorded when the Group has a detailed formal plan and has announced details of the plan to the persons concerned.

3.21 ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

An asset or group of assets and directly associated liabilities is considered to be held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale and its sale must be highly probable. When assessing whether a sale is highly probable, the Group takes into account, on a case-by-case basis, the applicable decision-making and authorisation process, whether the price proposed is reasonable and acceptable, the prevailing market conditions and any legal, regulatory or employee-related restrictions.

Such assets or groups of assets and associated liabilities are stated at the lower of their carrying amount and estimated sale price, less costs to sell, and are no longer amortised. Assets held for sale and the associated liabilities are respectively presented on specific lines in the consolidated balance sheet.

When the disposal group held for sale represents a reportable segment or is part of a coordinated plan to sell a reportable segment, it is accounted for as a discontinued operation, with the associated profit or loss and each category of cash flows shown on separate lines of the income statement and statement of comprehensive income.

NOTE 4 MAIN CHANGES IN THE SCOPE OF CONSOLIDATION

4.1 2021

The main changes in the scope of consolidation in 2021 were as follows:

Lagardère Publishing

- Acquisition by Hachette Jeux Inc. of Scorpion Masqué, a Quebec-based publisher of board games specialising in ambient games, which was consolidated by the Group as of January 2021.
- Sale of J'ai Lu Editions to the Madrigall group in April 2021, accounted for under the equity method until the date of sale (see note 9).
- Acquisition by Hachette Livre in June 2021 of Hiboutatillus, an independent French board game publisher specialised in party games, such as "Blanc-manger Coco", which has sold more than 1.7 million copies since its launch.
- Acquisition by Dunod in June 2021 of Maxima, a publisher specialised in business, management and law books.
- Acquisition by Hodder Education (Lagardère Publishing) in June 2021 of Illuminate Publishing, a UK publisher of educational books.
- Acquisition in September 2021 of Workman Publishing, a US publisher of children's titles and lifestyle books in many different areas (see note 4.2).

Lagardère Travel Retail

- JD.com, JIC and CICC took a minority stake in Lagardère Travel Retail Asia as part of a strategic partnership in the region. Since this investment did not result in a loss of control, Lagardère Travel Retail Asia is still fully consolidated based on a 76.45% interest.

  The transaction was carried out through cash contributions in September and December 2021 for a total of CNY 770 million (approximately €103 million).

  This minority stake is part of a strategic partnership that will speed up Lagardère Travel Retail's development in Asia, particularly through digital distribution channels. Lagardère Travel Retail Asia will in particular draw on the digital expertise of JD.com to develop best practices in supply chains and data analysis, and provide brand-new experiences and services to customers across its entire sales network, with the expansion of omni-channel shopping offerings.

  The agreements signed with the minority partners include liquidity clauses in the event of an exit from the capital (see note 26.4).

4.3 BUSINESS COMBINATIONS

The impacts of the business combinations carried out in 2021 on the consolidated financial statements were as follows:

	Workman Publishing	Other	Total
Purchase price (A)(*)	**215**	**27**	**242**
Allocation to identifiable assets and liabilities			
Non-current assets(**)	80	10	90
Inventories, trade receivables and other assets	77	2	79
Cash and cash equivalents	12	3	15
Trade payables and other liabilities	(31)	(1)	(32)
Net debt	-	-	-
Leases: right-of-use assets	14	-	14
Leases: lease liabilities	(14)	-	(14)
Deferred taxes, net	-	(2)	(2)
Minority interests as a proportion of the net assets acquired	-	(2)	(2)
Total identifiable assets and liabilities (B)	**138**	10	**148**
Goodwill (euro equivalent at the acquisition date) (A-B)	**77**	**17**	**94**
Translation adjustments	2	-	2
Provisional goodwill (euro equivalent at year-end)	**79**	**17**	**96**

(*) Other business combinations mainly concern Hiboutatillus and Illuminate Publishing.
(**) Mainly publishing rights for €88 million.

The above impacts mainly result from the acquisition of Workman Publishing and from acquisitions at Lagardère Publishing that are not material taken individually. The impact of the acquisition of Workman Publishing is described in a dedicated section below.

The table below shows a reconciliation between the price paid for business combinations and the amount recorded under "Purchases of investments" in the consolidated statement of cash flows:

	Workman Publishing	Other	Total
Price paid for business combinations in 2021	(215)	(24)	**(239)**
Increase in capital at associates and joint ventures		(17)	**(17)**
Price adjustments for prior-period acquisitions, other acquisitions of securities and associated fees		(18)	**(18)**
Purchases of investments recorded under investing activities in the statement of cash flows	**(215)**	**(59)**	**(274)**

Workman Publishing

On 23 September 2021, Lagardère Publishing completed the acquisition of the entire share capital of Workman Publishing for a total cash consideration of approximately €215 million (including an enterprise value of €203 million). Further to this acquisition, the Group holds four fully consolidated entities. Workman Publishing is a US publisher of youth works, illustrated books and non-fiction.

An initial provisional purchase price allocation was made for €78 million in respect of publishing rights, representing Workman Publishing's backlist and frontlist. Residual provisional goodwill amounts to €77 million, chiefly reflecting Workman's operational and sales expertise, and the capacity of the new group to generate synergies and develop in the future. The goodwill was allocated to the Hachette Book Group CGU.

Acquisition-related costs amounting to approximately €5 million which were not included in the purchase price were taken to profit for the year under "Amortisation of acquisition-related intangible assets and other acquisition-related expenses".

The acquisition of Workman Publishing was initially recognised on a provisional basis at 31 December 2021. The final tax accounting for the assets acquired and liabilities assumed will be completed during 2022.

For three months of operations, Workman Publishing's revenue and net attributable income included in the consolidated financial statements respectively totalled €38 million and €3 million (including amortisation charged against intangible assets for €2 million).

Had this combination taken place on 1 January 2021, consolidated revenue would have been €76 million higher (i.e., full-year revenue of €114 million in 2021 for Workman Publishing).

4.4 DISCONTINUED OPERATIONS, ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

4.4.1 DISCONTINUED OPERATIONS

Net earnings for Lagardère Sports in 2020 are shown on a separate line of the consolidated income statement, and all related cash flows (relating to operating, investing and financing activities) were classified within "Net cash from (used in) discontinued operations" in the consolidated statement of cash flows. The costs and other adjustments related to the sale of Lagardère Sports attributable to 2021 are also presented in loss from discontinued operations.

In 2020, the €20 million loss from discontinued operations comprised a €14 million loss on the disposal of Lagardère Sports and €6 million in negative earnings between 1 January 2020 and 22 April 2020.

On 26 July 2021, the non-consolidated 25% stake retained in Lagardère Sports was sold to H.I.G. Capital for its net carrying amount of €4 million.

In 2021, the €2 million profit from discontinued operations includes changes in provisions for vendor warranties and the outstanding balance of costs related to the sale.

A breakdown by income statement line of the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 is as follows:

	2021	2020
Revenue	-	84
Other income from ordinary activities	-	2
Total income from ordinary activities	**-**	**86**
Purchases and changes in inventories	-	-
External charges	-	(41)
Payroll costs	-	(40)
Depreciation and amortisation other than on acquisition-related intangible assets	-	(5)
Depreciation of right-of-use assets	-	(3)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	-	-
Restructuring costs	-	(3)
Capital gains and losses:		-
- Proceeds from disposals	*2*	*(14)*
Impairment losses on goodwill, property, plant and equipment and intangible assets	-	-
Other operating expenses	-	1
Other operating income	-	-
Profit (loss) before finance costs and tax	**2**	**(19)**
Financial income	-	4
Financial expenses	-	(6)
Interest expense on lease liabilities	-	-
Profit (loss) before tax	**2**	**(21)**
Income tax benefit (expense)	-	1
Profit (loss) from discontinued operations	**2**	**(20)**
Profit (loss) from discontinued operations – Attributable to owners of the Parent (in millions of euros)	*2*	*(22)*
Basic earnings (loss) per share (in €)	*0.01*	*(0.17)*
Diluted earnings (loss) per share (in €)	*0.01*	*(0.17)*

A breakdown by cash flow statement line of the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 is as follows:

	2021	2020
Net cash from operating activities	-	(7)
Net cash used in investing activities	-	(84)
Net cash used in financing activities	-	(3)
Total other movements	-	(1)
Net cash inflows (outflows)	**-**	**(95)**
Cash and cash equivalents and intra-group cash flows at beginning of period	-	-
Reclassification of cash flows within assets held for sale and associated liabilities	-	95
Net cash from (used in) discontinued operations	**-**	**-**

4.4.2 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

In November 2021, Lagardère Travel Retail and AWPL signed an agreement to form a jointly controlled entity that will combine the Duty Free, Foodservice, Travel Essentials and Specialty operations of both partners in Australia and New Zealand.

This transaction will be accounted for as a disposal of Lagardère Travel Retail's business in Australia and New Zealand, generating a disposal gain. The share held in the jointly controlled entity will be accounted for as an investment in equity-accounted companies.

At 31 December 2021, the effective completion of this highly probable transaction remains subject to approval from the local authorities, expected in 2022. The related assets and liabilities were therefore classified within assets held for sale and associated liabilities.

The table below provides a breakdown by balance sheet line:

ASSETS (in millions of euros)	Lagardère Travel Retail Australia & New Zealand
Intangible assets	(7)
Goodwill	(1)
Right-of-use assets	(83)
Property, plant and equipment	(14)
Other non-current assets	(2)
Deferred tax assets	-
Total non-current assets	**(107)**
Inventories	(15)
Trade receivables	(1)
Other current assets	(3)
Cash and cash equivalents	(1)
Total current assets	**(20)**
Total assets held for sale	**(127)**

LIABILITIES (in millions of euros)	Lagardère Travel Retail Australia & New Zealand
Non-current lease liabilities	(77)
Total non-current liabilities	**(77)**
Current lease liabilities	(62)
Trade payables	(8)
Other current liabilities	(20)
Total current liabilities	**(90)**
Total liabilities associated with assets held for sale	**(167)**

4.5 2020

The main changes in the scope of consolidation in 2020 were as follows:

Lagardère Publishing

- Acquisition by Hachette Livre SA of Blackrock Games, France's third-largest distributor of board games. Blackrock Games was consolidated in the Group's financial statements with effect from January 2020.
- Acquisition by Lagardère Publishing in January 2020 of Le Livre Scolaire, a collaborative textbook publisher (paper and digital) and consolidated with effect from February 2020.
- Acquisition in September 2020 of Laurence King Publishing, a leading specialist in creative arts publishing and stationery in the United Kingdom.

Lagardère Sports

- Disposal in April 2020 of Lagardère Sports to H.I.G. Capital.

Assets sold and pending disposal at Lagardère Active

- Disposal of Lagardère Studios to Mediawan in October 2020 for a sale price of €85 million, plus an earn-out of up to €15 million to be collected in 2023 if the Group meets a specific earnings target.

NOTE 5 SEGMENT INFORMATION

In 2018, the Group launched a strategic refocusing around two priority divisions (Lagardère Publishing and Lagardère Travel Retail), and around its Other Activities business (Lagardère News and Lagardère Live Entertainment). The Group restructured in 2019 in the wake of the successive disposals of Lagardère Active and Lagardère Sports assets.

Its internal reporting is now based on a **target business scope,** comprising:

- **Lagardère Publishing**, which includes the Group's Book Publishing and e-Publishing businesses, covering such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Board Games, Mobile Games and Distribution.
- **Lagardère Travel Retail**, which consists of retail operations in transit areas and concessions in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice.

The target scope also includes "**Other Activities**", which groups together Lagardère News (*Paris Match* and *Le Journal du Dimanche* magazine titles, Europe 1, RFM and Virgin Radio stations, and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function. The Corporate function is used primarily to report the effect of financing obtained by the Group and the net operating costs of Group holding companies.

Lagardère Sports was sold on 22 April 2020 and **Lagardère Studios** on 30 October 2020.

Assets sold relating to the former Lagardère Active division (Lagardère Studios) and **Lagardère Sports** were separately monitored up to the date of their sale.

The data presented by division were calculated using the same accounting rules and methods as those used in the consolidated financial statements and described in the accompanying notes. The data include key alternative performance measures.

Transactions between business divisions are generally carried out on arm's length terms.

5.1 SEGMENT INFORMATION

2021 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	*Lagardère Sports*
Revenue	2,604	2,290	242	5,136	-	5,136	-
Inter-segment revenue	(6)	-	-	(6)	-	(6)	-
Consolidated revenue	**2,598**	**2,290**	**242**	**5,130**	**-**	**5,130**	**-**
Other income from ordinary activities	5	12	24	41	-	41	-
Total income from ordinary activities	**2,603**	**2,302**	**266**	**5,171**	**-**	**5,171**	**-**
Recurring operating profit (loss) of fully consolidated companies	**351**	**(81)**	**(21)**	**249**	**-**	**249**	**-**
Income (loss) from equity-accounted companies before impairment losses	7	(6)	-	1	-	1	-
Restructuring costs	(9)	(2)	(33)	(44)	-	(44)	-
Gains (losses) on disposals	16	-	1	17	-	17	*2*
Disposals of assets	*16*	*-*	*1*	*17*	*-*	*17*	*2*
Fair value adjustments due to change in control	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Impairment losses(*)	-	(15)	(2)	(17)	-	(17)	-
Fully consolidated companies	*-*	*(15)*	*(2)*	*(17)*	*-*	*(17)*	*-*
Amortisation of acquisition-related intangible assets	(7)	(90)	-	(97)	-	(97)	-
Expenses related to acquisitions and disposals	(7)	(5)	-	(12)	-	(12)	-
Purchase price adjustment	-	(6)	-	(6)	-	(6)	-
Impact of IFRS 16 on concession agreements	5	(30)	-	(25)	-	(25)	-
Gains and losses on leases	*5*	*126*	*-*	*131*	*-*	*131*	*-*
Depreciation of right-of-use assets	*-*	*(307)*	*-*	*(307)*	*-*	*(307)*	*-*
Decrease in lease liabilities	*-*	*142*	*-*	*142*	*-*	*142*	*-*
Interest paid on lease liabilities	*-*	*5*	*-*	*5*	*-*	*5*	*-*
Changes in working capital relating to lease liabilities	*-*	*4*	*-*	*4*	*-*	*4*	*-*
Profit (loss) before finance costs and tax	**356**	**(235)**	**(55)**	**66**	**-**	**66**	***2***
Items included in recurring operating profit (loss) of fully consolidated companies							
Depreciation and amortisation of property, plant and equipment and intangible assets	(41)	(137)	(11)	(189)	-	(189)	-
Depreciation of right-of-use assets – Buildings and other	(32)	(14)	(21)	(67)	-	(67)	-
Cost of free share plans	(3)	(2)	(2)	(7)	-	(7)	-

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

2020 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	*Lagardère Sports*
Revenue	2,379	1,720	229	4,328	115	4,443	*84*
Inter-segment revenue	(4)	-	-	(4)	-	(4)	-
Consolidated revenue	**2,375**	**1,720**	**229**	**4,324**	**115**	**4,439**	***84***
Other income from ordinary activities	4	18	21	43	(2)	41	*2*
Total income from ordinary activities	**2,379**	**1,738**	**250**	**4,367**	**113**	**4,480**	***86***
Recurring operating profit (loss) of fully consolidated companies	**246**	**(353)**	**(47)**	**(154)**	**(1)**	**(155)**	***(2)***
Income (loss) from equity accounted companies before impairment losses	2	(59)	(1)	(58)	-	(58)	-
Restructuring costs	(9)	(36)	(10)	(55)	-	(55)	*(3)*
Gains (losses) on disposals	-	-	(6)	(6)	(1)	(7)	*(14)*
Disposals of assets	-	-	*(6)*	*(6)*	*(1)*	*(7)*	*(14)*
Fair value adjustments due to change in control	-	-	-	-	-	-	-
Impairment losses(*)	(20)	(106)	(6)	(132)	(19)	(151)	-
Fully consolidated companies	*(20)*	*(106)*	*(6)*	*(132)*	*(19)*	*(151)*	-
Amortisation of acquisition-related intangible assets	(7)	(97)	-	(104)	-	(104)	-
Expenses related to acquisitions and disposals	(4)	-	(1)	(5)	-	(5)	-
Purchase price adjustment	-	3	-	3	-	3	-
Impact of IFRS 16 on concession agreements	-	(17)	-	(17)	-	(17)	-
Gains and losses on leases	-	*171*	-	*171*	-	*171*	-
Depreciation of right-of-use assets	-	*(401)*	-	*(401)*	-	*(401)*	-
Decrease in lease liabilities	-	*175*	-	*175*	-	*175*	-
Interest paid on lease liabilities	-	*32*	-	*32*	-	*32*	-
Changes in working capital relating to lease liabilities	-	*6*	-	*6*	-	*6*	-
Profit (loss) before finance costs and tax	**208**	**(665)**	**(71)**	**(528)**	**(21)**	**(549)**	***(19)***
Items included in recurring operating profit (loss) of fully consolidated companies	-	-	-	-	-	-	-
Depreciation and amortisation of property, plant and equipment and intangible assets	(36)	(138)	(10)	(184)	(3)	(187)	*(5)*
Depreciation of right-of-use assets – Buildings and other	(32)	(16)	(23)	(71)	(1)	(72)	*(3)*
Cost of free share plans	(3)	(1)	(1)	(5)	-	(5)	-

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

2021 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	*Lagardère Sports and eliminations*
Cash flow from (used in) operating activities	**613**	**284**	**(44)**	**853**	**-**	**853**	**-**
Decrease in lease liabilities(*)	(35)	(159)	(22)	(216)	-	(216)	-
Interest paid on lease liabilities(*)	(9)	(7)	(4)	(20)	-	(20)	-
Cash flow from (used in) operations before income taxes paid	**569**	**118**	**(70)**	**617**	**-**	**617**	**-**
Income taxes paid	(76)	-	38	(38)	-	(38)	-
Cash flow from (used in) operations	**493**	**118**	**(32)**	**579**	**-**	**579**	**-**
Net cash from (used in) investing activities relating to intangible assets and property, plant and equipment	(33)	(88)	(2)	(123)	-	(123)	-
- Purchases	*(38)*	*(92)*	*(6)*	*(136)*	-	*(136)*	-
- Proceeds from disposals	*5*	*4*	*4*	*13*	-	*13*	-
Free cash flow	**460**	**30**	**(34)**	**456**	**-**	**456**	**-**
o/w free cash flow before changes in working capital	***254***	***(48)***	***(30)***	***176***	**-**	***176***	**-**
Net cash from (used in) investing activities relating to investments	(228)	(36)	66	(198)	-	(198)	-
- Purchases	*(273)*	*(39)*	*33*	*(279)*	-	*(279)*	-
- Proceeds from disposals	*45*	*3*	*33*	*81*	-	*81*	-
Interest received	1	1	6	8	-	8	-
(Increase) decrease in short term investments	-	-	-	-	-	-	-
Cash flow from (used in) operations and investing activities	**233**	**(5)**	**38**	**266**	**-**	**266**	**-**

(*) Cash flows relating to lease liabilities are shown within net cash from financing activities in the consolidated statement of cash flows.

2020 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	*Lagardère Sports and eliminations*
Cash flow from (used in) operating activities	**355**	**(102)**	**(42)**	**211**	**25**	**236**	***(7)***
Decrease in lease liabilities(*)	(32)	(190)	(12)	(234)	(2)	(236)	*(3)*
Interest paid on lease liabilities(*)	(11)	(34)	(4)	(49)	-	(49)	-
Cash flow from (used in) operations before income taxes paid	**312**	**(326)**	**(58)**	**(72)**	**23**	**(49)**	***(10)***
Income taxes paid	(50)	(6)	21	(35)	(3)	(38)	-
Cash flow from (used in) operations	**262**	**(332)**	**(37)**	**(107)**	**20**	**(87)**	***(10)***
Net cash used in investing activities relating to intangible assets and property, plant and equipment	(39)	(120)	(7)	(166)	(3)	(169)	*(6)*
- Purchases	*(39)*	*(121)*	*(7)*	*(167)*	*(3)*	*(170)*	*(6)*
- Proceeds from disposals	-	*1*	-	*1*	-	*1*	-
Free cash flow	**223**	**(452)**	**(44)**	**(273)**	**17**	**(256)**	***(16)***
o/w free cash flow before changes in working capital	***155***	***(344)***	***(44)***	***(233)***	***(6)***	***(239)***	***7***
Net cash from (used in) investing activities relating to investments	(29)	3	85	59	1	60	*(78)*
- Purchases	*(31)*	*(2)*	*(2)*	*(35)*	*(1)*	*(36)*	*(10)*
- Proceeds from disposals	*2*	*5*	*87*	*94*	*2*	*96*	*(68)*
Interest received	2	1	2	5	-	5	-
(Increase) decrease in short term investments	-	-	-	-	-	-	-
Cash flow from (used in) operations and investing activities	**196**	**(448)**	**43**	**(209)**	**18**	**(191)**	***(94)***

(*) Cash flows relating to lease liabilities are shown within net cash from financing activities in the consolidated statement of cash flows.

Balance sheet at 31 December 2021

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Segment assets	3,433	3,633	575	7,641
Investments in equity-accounted companies	24	15	7	46
Segment liabilities	(2,089)	(2,481)	(603)	(5,173)
Capital employed	**1,368**	**1,167**	**(21)**	**2,514**
Assets held for sale and associated liabilities				**(40)**
Net cash and cash equivalents (net debt)				**(1,535)**
Equity				**939**

Balance sheet at 31 December 2020

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Segment assets	3,140	3,971	631	7,742
Investments in equity-accounted companies	30	16	6	52
Segment liabilities	(1,999)	(2,674)	(561)	(5,234)
Capital employed	**1,171**	**1,313**	**76**	**2,560**
Assets held for sale and associated liabilities				**-**
Net cash and cash equivalents (net debt)				**(1,733)**
Equity				**827**

5.2 INFORMATION BY GEOGRAPHICAL SEGMENT

Revenue

	2021	2020
France	1,393	1,248
United States	1,333	1,020
European Union (excl. France)	1,138	1,065
Asia-Pacific	485	406
United Kingdom	456	417
Other North America (mainly Canada)	103	89
Other European countries	75	69
Middle East	28	22
Other (Africa, Latin America)	119	103
Total	**5,130**	**4,439**

Segment assets

	31 Dec. 2021	31 Dec. 2020
European Union (excl. France)	2,488	2,603
United States	2,433	2,198
France	2,009	2,110
Asia-Pacific	430	482
Other European countries	114	173
Canada	71	90
Middle East	19	19
United Kingdom	17	16
Other (Africa, Latin America)	60	51
Total	**7,641**	**7,742**

Purchases of intangible assets and property, plant and equipment

	2021	2020
European Union (excl. France)	41	41
France	33	42
United States	30	61
Asia-Pacific	24	22
Canada	1	2
Other	7	2
Total	**136**	**170**

NOTE 6 REVENUE

Revenue for the Lagardère group came in at €5,130 million for 2021, up 15.6% as reported and up 18.6% like for like.

The like-for-like change in revenue is calculated by comparing:

- 2021 revenue to exclude companies consolidated for the first time during the year, and 2020 revenue to exclude companies divested in 2021;
- revenue for 2020 and revenue for 2021 adjusted based on the exchange rates applicable in 2020.

The difference between consolidated and like-for-like revenue is essentially attributable to a €29 million negative foreign exchange effect, partly reflecting the depreciation of the US dollar (negative €47 million impact) and the appreciation of pound sterling (positive €20 million impact). The €78 million negative scope effect chiefly relates to the sale of Lagardère Studios in October 2020. This was countered by the favourable impact of Lagardère Publishing's acquisition of Workman Publishing in September 2021 and of Laurence King Publishing in September 2020.

E-books accounted for 7.7% of total Lagardère Publishing revenue in 2021 (9.5% in 2020), while digital audiobooks represented 3.8% of revenue (4.3% in 2020).

Revenue breaks down as follows by business and by division:

	2021	2020
Lagardère Publishing	**2,598**	**2,375**
General Literature	1,085	1,061
Illustrated Books	443	332
Education	325	323
Partworks	297	265
Other	448	394
Lagardère Travel Retail	**2,290**	**1,720**
Travel Essentials	998	752
Duty Free & Fashion	795	598
Foodservice	497	370
Other Activities	**242**	**229**
Press	108	100
French Radio	96	100
Other	38	29
Lagardère Active – non-retained assets	**-**	**115**
Audiovisual Production	-	115
Total	**5,130**	**4,439**

Revenue breaks down as follows by country and by division:

	2021	2020
Lagardère Publishing	**2,598**	**2,375**
France	767	662
United States and Canada	734	689
United Kingdom, Ireland and Oceania	527	499
Spain	136	131
Other Europe	222	196
Other	212	198
Lagardère Travel Retail	**2,290**	**1,720**
Europe, Middle East and Africa (excluding France)	887	748
United States and Canada	690	413
France	427	341
China	240	145
Other Asia-Pacific	46	73
Other Activities	**242**	**227**
France	199	193
Asia-Pacific	15	14
Western Europe	15	14
United States and Canada	13	6
Lagardère Active – non-retained assets	**-**	**115**
France	-	53
Western Europe	-	62
Total	**5,130**	**4,437**

NOTE 7 EMPLOYEE DATA

7.1 NUMBER OF EMPLOYEES

The average number of employees of fully consolidated companies (excluding seconded employees) breaks down as follows by division:

(in number of employees)	2021	2020
Lagardère Publishing	7,430	7,310
Lagardère Travel Retail	13,018	11,417
Other Activities (target scope)	1,143	1,185
Lagardère Active – non-retained assets	-	1,023
Total	**21,591**	**20,935**

7.2 PAYROLL COSTS

	2021	2020
Wages and salaries	1,037	1,033
Payroll taxes	167	148
Share-based payments	7	5
Total	**1,211**	**1,186**

7.3 SHARE-BASED PAYMENTS

In accordance with the principles described in note 3.4 "Share-based payments", free shares awarded were measured at fair value at the grant date.

The terms and conditions of outstanding free share award plans are presented below.

Free share award plans

From 2018 to 2021, the Group set up plans to award free shares to its employees and senior executives. The number of shares awarded under these plans was as follows:

- 16 April 2018 plans: 812,460 shares;
- 8 April 2019 plans: 474,990 shares;
- 14 May 2019 plans: 232,370 shares;
- 10 October 2019 plans: 100,000 shares;
- 24 September 2021 plans: 783,300 shares.

For Group employees who are beneficiaries of the 16 April 2018, 8 April 2019, 10 October 2019 and 24 September 2021 plans, these plans do not include any performance conditions. The shares vest definitively only after a three-year period, provided employee beneficiaries who are tax-resident in France have remained in the Group's employment throughout that time. For beneficiaries who are not tax-resident in France, the shares vest definitively at the end of a four-year period, provided that the beneficiaries have remained in the Group's employment for three years.

For the Group's senior executives, who are beneficiaries of the 16 April 2018, 14 May 2019, 10 October 2019 and 24 September 2021 plans, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 17 April 2021, 15 May 2022, 11 October 2022 and 25 September 2024, respectively, under the 2018, 2019 and 2021 plans;

- and:
  - for the plan awarded in 2018, achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met,
  - for plans awarded in 2019, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (recurring operating profit of fully consolidated companies, free cash flow, and proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SA's Total Shareholder Return), with no adjustment to the corresponding plan expense if these objectives are not met,
  - for the plan awarded in 2021, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (return on capital employed, free cash flow, proportion of paper certified and/or recycled, percentage of plastic-free Foodservice revenue, and the proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SA's Total Shareholder Return), with no adjustment to the corresponding plan expense if these objectives are not met.

Assumptions used to calculate fair value

The assumptions underlying the plans for which an expense was recognised in the 2021 and 2020 financial statements were as follows:

	24 Sept. 2021 Plan	10 Oct. 2019 Plan	14 May 2019 Plan	8 April 2019 Plan	16 April 2018 Plan
Share price at grant date (€)	22.98	19.97	22.16	23.46	23.13
Expected dividend payout rate (%)	4.5	6.5	5.9	5.5	5.6

Share-based payment expense recognised by fully consolidated companies reflects the estimated achievement rate for the performance conditions applicable to the plans.

Share-based payment expense recognised by fully consolidated companies amounted to €7 million in 2021 and €5 million in 2020.

NOTE 8 RESTRUCTURING COSTS

2021

Restructuring costs amounted to €44 million in 2021 and chiefly concern:

- €17 million in Other Activities relating mainly to reorganisation at Lagardère News;
- €16 million in costs related to the conversion of Lagardère SCA into a joint-stock company (see note 1.1);
- €9 million at Lagardère Publishing relating to the streamlining of distribution centres in the United Kingdom and non-recurring costs in Spain and France;
- €2 million at Lagardère Travel Retail, primarily in the United States, relating mainly to the cost-cutting plan launched in 2020 due to the health crisis.

2020

In 2020, restructuring costs amounted to €55 million and chiefly related to the implementation of streamlining programmes and cost reduction plans in the operating divisions, as follows:

- €36 million at Lagardère Travel Retail relating mainly to restructuring and layoff measures introduced following the closure of points of sale in regions affected by health restrictions, and to the discontinuation of on-board sales activities;
- €10 million at Other Activities, resulting partly from the ongoing cost-cutting plan at Lagardère News and partly from restructuring measures following the slump in trading due to the health crisis;
- €9 million at Lagardère Publishing relating to the streamlining of distribution centres in the United Kingdom.

NOTE 9 CAPITAL GAINS AND LOSSES

2021

In 2021, the Group recorded a net gain of €17 million relating to the following key transactions:

- a €14 million pre-tax gain on the sale of Lagardère Publishing's non-consolidated investment in Glénat Editions;
- a €5 million pre-tax gain on sale of the Matra MS670 car (Other Activities) at auction in February 2021;
- a €4 million pre-tax gain on the sale by Lagardère Publishing of J'ai Lu Editions;
- a €2 million loss on the sale by Lagardère News of Euro Radio Saar.

2020

In 2020, the Group recorded a net loss of €7 million relating to the following key transactions:

- a €12 million pre-tax loss booked on the disposal of Lagardère Studios to Mediawan in October 2020;
- a €5 million gain relating to extinguished guarantees that had been granted in connection with previous disposals.

NOTE 10 IMPAIRMENT LOSSES ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The impairment losses recorded in 2021 reflect the impairment tests performed as described in note 3.12.

Impairment tests for goodwill and intangible assets with indefinite useful lives are performed at the level of the cash-generating units (CGUs) to which the assets belong. The Group's CGUs represent the level at which the assets concerned are monitored for internal management purposes. A CGU may correspond to a legal entity or a group of legal entities when the businesses conducted are similar and are managed on a combined basis.

The following table sets out the amounts of goodwill and intangible assets with indefinite useful lives at 31 December:

	Number of CGUs		Carrying amount of goodwill		Carrying amount of intangible assets with indefinite useful lives(*)		Total carrying amount of tested assets	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Lagardère Publishing	15	15	1,110	973	42	35	1,152	1,008
Lagardère Travel Retail	12	12	377	357	43	41	420	398
Other Activities:	4	4	127	131	28	28	155	159
- Lagardère News (Press and Radio)	*2*	*2*	*109*	*111*	*21*	*21*	*130*	*132*
- Entertainment	*2*	*2*	*18*	*20*	*7*	*7*	*25*	*27*
Total	**31**	**31**	**1,614**	**1,461**	**113**	**104**	**1,727**	**1,565**

(*) €54 million in brands and other intangible assets were reclassified in 2020 and 2021 as intangible assets with finite useful lives (see note 17).

The following table shows the breakdown of the main CGUs and groups of CGUs by division:

	Number of CGUs		Carrying amount of goodwill		Carrying amount of intangible assets with indefinite useful lives(*)		Total carrying amount of tested assets	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Lagardère Publishing	**15**	**15**	**1,110**	**973**	**42**	**35**	**1,152**	**1,008**
Anaya, Larousse and other	4	4	220	220	2	2	222	222
Hachette UK Holding group	1	1	333	305	21	21	354	326
Hachette Book Group (United States)	1	1	389	287	4	-	393	287
Hatier group	1	1	84	84	-	-	84	84
Hachette Livre España – Salvat	1	1	3	3	-	-	3	3
Pika Édition	1	1	14	14	-	-	14	14
Les Éditions Albert René	1	1	11	11	-	-	11	11
Other	5	5	56	49	15	12	71	61
Lagardère Travel Retail	**12**	**12**	**377**	**357**	**43**	**41**	**420**	**398**
North America	1	1	239	220	43	41	282	261
Belgium	1	1	49	49	-	-	49	49
Pacific	1	1	29	30	-	-	29	30
Czech Republic	1	1	34	33	-	-	34	33
France	1	1	12	12	-	-	12	12
Asia	1	1	8	8	-	-	8	8
Other	6	6	6	5	-	-	6	5
Other Activities	**4**	**4**	**127**	**131**	**28**	**28**	**155**	**159**
Lagardère News (Press and Radio)	2	2	109	111	21	21	130	132
Entertainment	2	2	18	20	7	7	25	27
Total	**31**	**31**	**1,614**	**1,461**	**113**	**104**	**1,727**	**1,565**

(*) €54 million in brands and other intangible assets were reclassified in 2020 and 2021 as intangible assets with finite useful lives (see note 17).

Impairment tests

The estimated future cash flows used in the impairment tests are based on the internal budgets drawn up at the end of the year. They are determined using key assumptions and assessments that factor in the effects of the economic environment – as identified at the date of the budget – on forecast future cash flows for the coming three years.

For the Lagardère Travel Retail CGUs, given the context of the crisis and the uncertainties regarding passenger traffic going forward, the forecast periods were extended to 2031 in both 2021 and 2020 to incorporate assumptions that the business would be back at a level comparable to 2019 between 2023 and 2024 (depending on the CGU), and that cash flows would gradually reach a normative level.

In the context of the crisis and given the prevailing uncertainties, these forecasts reflect the Group's best estimates at the reporting date and are corroborated by trends in passenger traffic published by external bodies such as ACI (Airports Council International) and IATA (International Air Transport Association).

The cash flows are discounted using a post-tax discount rate specific to each business. A perpetuity growth rate – which is also specific to each business – is used for periods beyond those covered in the budgets. These discount rates were recalculated for the impairment tests in the final quarter of 2021, using the same methodology and sample of comparable companies as at end-2020.

The discount rates used for each business were as follows in 2021, 2020 and 2019:

(%)	Discount rate			Perpetuity growth rate		
	2021	2020	2019	**2021**	2020	2019
Lagardère Publishing(*)	**6.00**	7.40	7.03	**1.50**	1.50	1.50
Lagardère Travel Retail	**8.00**	8.00	5.07	**2.50**	2.50	2.50
Other Activities:						
Lagardère News – Press	**6.64**	8.52	7.46	**0.00**	0.00	0.00
Lagardère News – Radio	**6.51**	8.08	6.64	**1.50**	1.50	1.50
Entertainment	**7.56**	7.56	6.68	**2.00**	2.00	2.00

(*) A perpetuity growth rate of 2.00% was used for certain Digital activities at Lagardère Publishing.

The discount rates applied are calculated based on the average financial returns observed during the year for samples of companies operating in comparable business sectors. These are provided by an independent financial organisation and may vary based on share prices and the organisation's assessment of the macro- and micro-economic outlook. The discount rate for the Travel Retail division incorporates a risk premium in order to reflect uncertainties as to the recovery of the industry.

The samples used are reviewed and updated every year in order to take account of changes in the competitive environment and market participants. This can lead to an elimination of certain components of the basket whose business models are not judged to be sufficiently correlated to the Group's, and inversely, to the addition of new components. There were no significant changes in the basket of sample companies used in 2021 compared with 2020, or in those used in 2020 compared with 2019.

Recognised impairment losses

Total impairment losses recognised by consolidated companies in 2021 amounted to €17 million, including €2 million for goodwill, €10 million for intangible assets and €5 million for property, plant and equipment at Lagardère Travel Retail. The main impairment losses break down as follows:

- €10 million for intangible assets at Lagardère Travel Retail, primarily in the United States, owing to the termination of certain concessions;
- €5 million for property, plant and equipment at Lagardère Travel Retail, due to the discontinuation of certain formats;
- €2 million for Casino de Paris goodwill.

Impairment losses recognised in 2020 amounted to €151 million, including €76 million for goodwill, €61 million for intangible assets and €14 million for property, plant and equipment at Lagardère Travel Retail. The main impairment losses on goodwill broke down as follows:

- €61 million for intangible assets at Lagardère Travel Retail, of which €55 million for the Rome airport concession;
- €31 million for International Duty Free group goodwill in Belgium at Lagardère Travel Retail;
- €20 million for goodwill relating to Mexican operations, Brainbow and the Anaya group at Lagardère Publishing;

- €19 million for goodwill at Lagardère Studios recognised in June 2020 prior to its disposal, in order to write down the carrying amount of the disposal group to its sale price;
- €14 million for property, plant and equipment at Lagardère Travel Retail, particularly in Germany, the United States, Poland and Italy;
- €6 million for Bataclan goodwill.

Sensitivity of impairment tests to changes in key budget assumptions

The operating forecasts contained in the Group's budgets are based on assumptions. Changes in these assumptions directly impact the calculation of value in use and may give rise to the recognition of impairment losses or influence the amount of any impairment recognised.

The key assumptions used for the forecasts relate to expected developments in the following main areas:

- Publishing: market trends, market share and profit margins; manufacturing and overhead rates determined based on established action plans.
- Travel Retail: trading expected to get back in line with 2019 levels between 2023 and 2024; passenger volumes and average spend per customer for each platform (airports, railway stations, etc.); lease payments for retail points of sale.
- Other Activities: advertising market trends and market share for all media (radio, television, press and Internet); market trends for the magazine publishing business in France, including the impact on advertising revenue; changes brought about by the switch to digital; the cost of paper; and the brand licensing market.

These assumptions incorporate differentiated levels of risk that depend on the degree of visibility and the ability to anticipate the impact of changes in the economic environment on the future performance of the Group's different businesses.

The main areas of uncertainty identified that have a bearing on the assumptions used in the budgets are described below:

Other Activities

- Brand licensing revenue

Brand licensing revenue, relating particularly to Elle, was included in the budget plans taking into account expected revenue trends for the next three years.

For the period beyond the years covered by the budget, a change corresponding to an annual decrease of 2% in brand licensing revenue compared with the assumptions used at end-2021 would result in a €12 million impairment loss, excluding the impact of any corporate cost-reduction measures that may be implemented.
At 31 December 2021, the residual amount of goodwill and intangible assets with indefinite useful lives for all Lagardère News Press and Radio CGUs amounted to €130 million.

Lagardère Travel Retail

Compared to the assumptions taken into account in the cash flow forecasts used in the impairment tests at 31 December 2021, the one-year delay to the period during which trading is expected to get back in line with 2019 levels did not give rise to any additional impairment of goodwill or intangible assets with indefinite useful lives allocated to Lagardère Travel Retail CGUs.

Sensitivity of impairment tests to changes in discount rates and perpetuity growth rates

The following tables show the potential effects on impairment losses of an increase or decrease in the discount rates and perpetuity growth rates applied to test the value of assets at 31 December 2021.

The tables include sensitivity to a maximum 2% increase in the discount rate, which is higher than the increases observed for 2020 and 2019.

Lagardère Publishing: (Increase) decrease in impairment losses

(in millions of euros)	Change in discount rate(*)								
Change in perpetuity growth rate	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%
-1%	-	-	-	-	-	-	-	-	-
-0.5%	-	-	-	-	-	-	-	-	-
0%	-	-	-	-	-	-	-	-	-
+0.5%	-	-	-	-	-	-	-	-	-
+1%	-	-	-	-	-	-	-	-	-

(*) The discount rate used for the 2021 impairment tests was 6%.

Lagardère Travel Retail: (Increase) decrease in impairment losses

(in millions of euros)	Change in discount rate(*)									
Change in perpetuity growth rate	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%	+2.5%
-1%	-	-	-	-	-	-	-	-	-	-
-0.5%	-	-	-	-	-	-	-	-	-	-
0%	-	-	-	-	-	-	-	-	-	-
+0.5%	-	-	-	-	-	-	-	-	-	-
+1%	-	-	-	-	-	-	-	-	-	-

(*) The discount rate used for the 2021 impairment tests was 8%. The test now also gauges sensitivity up to a 2.5% increase in the discount rate in order to take into account continuing business uncertainty.

Other Activities: (Increase) decrease in impairment losses

(in millions of euros)	Change in discount rate(*)								
Change in perpetuity growth rate	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%
-1%	-	-	-	(1)	(2)	(3)	(3)	(4)	(5)
-0.5%	-	-	-	-	(1)	(2)	(3)	(3)	(4)
0%	-	-	-	-	-	(1)	(2)	(3)	(4)
+0.5%	-	-	-	-	-	-	(1)	(2)	(3)
+1%	-	-	-	-	-	-	-	(1)	(2)

(*) The discount rates used for the 2021 impairment tests were 6.64% for the Press CGU, 6.51% for the Radio CGU and 7.56% for the Entertainment CGU.

At 31 December 2021, a two-point increase in the discount rate combined with a one-point decrease in the perpetuity growth rate would lead to the recognition of an additional impairment loss of €5 million for the Live Entertainment CGU.

NOTE 11 OTHER OPERATING EXPENSES

	2021	2020
Net change in asset impairment losses	(46)	(99)
Financial expenses other than interest	(1)	(1)
Foreign exchange losses	-	(4)
Other operating expenses	(12)	(22)
Total	**(59)**	**(126)**

The net change in asset impairment losses includes impairment losses for Lagardère Publishing taken against advances paid to authors totalling €39 million in 2021 and a similar amount in 2020.

Other asset impairment losses relate to changes in impairment losses on trade receivables and inventories at Lagardère Publishing, Lagardère Travel Retail and Other Activities, representing €8 million in 2021 and €54 million in 2020.

Other expenses mainly comprise variable rental expenses in respect of retail premises sub-let to partners in Chinese airports by Lagardère Travel Retail, for which the associated income is billed and recognised in other operating income (see note 12).

NOTE 12 OTHER OPERATING INCOME

	2021	2020
Net reversals of provisions for contingencies and losses	3	13
Operating subsidies	13	7
Audiovisual tax credit	1	6
Other tax credits	40	2
Other operating income	7	35
Total	**64**	**63**

"Other operating income" mainly comprises sub-leasing income, which is down €19 million on 2020. Sub-leasing income is billed by Lagardère Travel Retail entities in China to its partners under airport concession agreements.
Other tax credits correspond to government aid obtained in connection with Covid-19 at Lagardère Travel Retail, excluding support for furlough measures, which is recorded as a deduction from payroll costs. Government aid was mainly granted in France, Germany, the United States, the Czech Republic and Poland.

NOTE 13 NET FINANCE COSTS

Financial income and expenses break down as follows:

	2021	2020
Interest income on loans	2	3
Investment income and gains on sales of marketable securities	5	3
Gain arising on changes in the fair value of financial assets	2	1
Other financial income	5	1
Financial income	**14**	8
Interest expense on borrowings	(68)	(59)
Loss arising on changes in the fair value of financial assets	(8)	(20)
Other financial expenses	(2)	(5)
Financial expenses	**(78)**	(84)
Total	**(64)**	(76)

Net finance costs amounted to €64 million for 2021, an improvement of €12 million on the prior year. The change in this item primarily reflects the decrease in expenses arising on changes in the fair value of financial assets, including an impairment loss of €5 million at Lagardère Travel Retail in 2021 (versus €17 million in 2020), offset by an increase in interest expenses relating to (i) the state-backed loan arranged in January and repaid in December 2021, (ii) the repayment of the amount drawn down on the syndicated credit facility in January 2021, (iii) the October 2021 bond issue and (iv) the tender offer for the tranche maturing in 2023.

Note 18 sets out interest expense on lease liabilities.

NOTE 14 INCOME TAX

14.1 ANALYSIS OF INCOME TAX

Income tax breaks down as follows:

	2021	2020
Current taxes	(49)	(32)
Deferred taxes	27	63
Total	**(22)**	**31**

In 2021, the Group recorded an income tax expense of €22 million, €53 million higher than the 2020 figure, chiefly reflecting:

- a €25 million increase in the expense relating to federal tax loss carryforwards in the US. In 2021, the US tax group utilised €6 million in tax loss carryforwards, while in 2020, it generated €19 million in tax loss carryforwards;
- a €15 million expense due to the favourable effect of reversals of deferred tax liabilities in 2020 in connection with the €55 million impairment loss recognised by Lagardère Travel Retail on the Rome airport concession agreements;
- an €11 million increase in the expense due to current tax expense on improved earnings, mainly in Spain and the United Kingdom;
- a €6 million increase in the expense on account of tax on cross-border flows to the United States.

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14.2 TAX PROOF

The following table reconciles income tax reported in the income statement to the theoretical income tax expense for 2021 and 2020:

	2021	2020
Profit (loss) before tax	(66)	(699)
(-) (Income) loss from equity-accounted companies	(1)	58
Profit of fully consolidated companies before tax	**(67)**	**(641)**
Theoretical tax expense(*)	19	205
Effect on theoretical tax expense of:		
Different tax bases for capital gains and losses(**)	4	5
Different tax bases for impairment losses on goodwill and other intangible assets	(1)	(24)
Different tax rates on earnings of foreign subsidiaries	4	(37)
Tax credits and tax incentives	1	7
Limitation on deferred taxes	2	(16)
Effect of changes in tax rates on deferred taxes	(2)	-
Tax loss carryforwards used (recognised) in the year(***)	(34)	(107)
Impact of deferred tax asset recognised on tax loss carryforwards	-	-
Impact of discontinued operations	-	-
Permanent differences and other items	(15)	(2)
Effective income tax expense	**(22)**	**31**

(*) Calculated at the French standard rate (28.41% in 2021 and 32.02% in 2020).
(**) Differences between disposal gains for tax purposes and book disposal gains.
(***) Tax losses for which no deferred tax assets were recognised.

14.3 DEFERRED TAXES RECOGNISED IN THE BALANCE SHEET

Deferred taxes recognised at 31 December 2021 and 2020 concerned the following assets and liabilities:

	31 Dec. 2021	31 Dec. 2020
Intangible assets	(221)	(224)
Property, plant and equipment	(26)	(19)
Non-current financial assets	3	-
Inventories	21	15
Provisions for pension benefit obligations	20	22
Right-of-use assets and lease liabilities	65	78
Other provisions	70	72
Other working capital items	119	99
Temporary differences (gross amount)	**51**	**43**
Write-down of deferred tax assets	(210)	(181)
Temporary differences (net amount)	**(159)**	**(138)**
Tax loss carryforwards	166	124
Tax credits	-	-
Net deferred tax asset (liability)	**7**	**(14)**
Deferred tax assets	270	239
Deferred tax liabilities	(263)	(253)

Tax losses carried forward relating to the US tax group represent the main component of deferred tax assets on Group tax loss carryforwards. At 31 December 2021, the tax base of US federal tax loss carryforwards relating to this tax group amounted to €207 million, of which €77 million expires between 2032 and 2037, and €130 million can be carried forward indefinitely. The timeframe for utilising these losses has been assessed in light of the deferred tax liabilities recognised for this tax group (net deferred tax liability position), and of the outlook for taxable income based on the profits of Lagardère Publishing and the upturn in the Travel Retail business.

At 31 December 2021, the Group also had unused tax loss carryforwards with a tax base of more than €482 million arising in the French tax group. Tax losses in France can be carried forward indefinitely.

14.4 CHANGES IN DEFERRED TAXES

	2021	2020
Net deferred tax asset (liability) at 1 January	**(14)**	**(68)**
Income tax expense recognised in the income statement	27	63
Deferred tax recognised directly in equity	-	(5)
Reclassification as assets held for sale and associated liabilities	-	-
Effect of change in scope of consolidation and exchange rates	(6)	(4)
Net deferred tax asset (liability) at 31 December	**7**	**(14)**

Deferred taxes recognised directly in equity can be analysed as follows:

	31 Dec. 2021	31 Dec. 2020
Investments in non-consolidated companies	-	-
Cash flow hedges	2	(5)
Actuarial gains and losses on pensions and other post-employment benefit obligations	16	21
Total	**18**	**16**

NOTE 15 EARNINGS PER SHARE

Basic earnings per share

Earnings per share are calculated by dividing profit attributable to owners of the Parent by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. Changes in the number of shares as a result of employees exercising their share options (movements throughout the year) are included using the average of opening and closing balances for the year.

Diluted earnings per share

The only dilutive category of shares is free shares. Free shares with a performance condition are only taken into account to calculate dilution when the achievement rate of the performance conditions is known at the reporting date. In view of the loss from continuing operations (Group share), there was no dilutive effect. The loss from discontinued operations (Group share) was, however, impacted by the dilutive effect.

	2021	2020
Profit (loss) for the year attributable to owners of the Parent (in millions of euros)	**(101)**	**(660)**
Number of shares making up the share capital at 31 December	141,133,286	131,133,286
Treasury shares	(1,159,503)	(1,590,628)
Number of shares outstanding at 31 December	139,973,783	129,542,658
Average number of shares outstanding during the year	**134,758,221**	**129,199,489**
Basic earnings (loss) per share – Attributable to owners of the Parent (in euros)	**(0.75)**	**(5.11)**
Dilutive share options and free shares:		
Share options	-	-
Free shares	1,235,919	1,159,960
Average number of shares including dilutive share options and free shares	**135,994,140**	**130,359,449**
Diluted earnings (loss) per share – Attributable to owners of the Parent (in euros)	**(0.75)**	**(5.11)**
Profit (loss) from continuing operations – Attributable to owners of the Parent (in millions of euros)	**(103)**	**(638)**
Basic earnings (loss) per share from continuing operations – Attributable to owners of the Parent (in euros)	(0.76)	(4.94)
Diluted earnings (loss) per share from continuing operations – Attributable to owners of the Parent (in euros)	(0.76)	(4.94)
Profit (loss) from discontinued operations – Attributable to owners of the Parent (in millions of euros)	**2**	**(22)**
Basic earnings (loss) per share from discontinued operations – Attributable to owners of the Parent (in euros)	0.01	(0.17)
Diluted earnings (loss) per share from discontinued operations – Attributable to owners of the Parent (in euros)	0.01	(0.17)

NOTE 16 GOODWILL

	2021	2020
At 1 January	**1,461**	**1,564**
Gross amount	1,888	1,943
Accumulated impairment losses	*(427)*	*(379)*
Acquisitions(*)	94	19
Reclassification as assets held for sale	-	-
Goodwill written off following disposal or deconsolidation(**)	(2)	-
Impairment losses(***)	(2)	(57)
Translation adjustments	67	(65)
Classification within assets held for sale(****)	(1)	-
Other movements	(3)	-
At 31 December	**1,614**	**1,461**
Gross amount(*****)	1,791	1,888
Accumulated impairment losses(*****)	(178)	(427)

(*) Including for 2021: Workman Publishing for €77 million, Hiboutatillus for €9 million, Illuminate Publishing for €7 million and Scorpion Masqué for €2 million.
Including for 2020: Le Livre Scolaire for €19 million, Laurence King Publishing for €3 million, Blackrock Games for €2 million, Short Books for €1 million, and the International Duty Free group for a negative €6 million.

(**) Including for 2021: Euro Radio Saar for €2 million.

(***) Including for 2021: Casino de Paris for €2 million.
Including for 2020: International Duty Free group for €31 million, the Lagardère Publishing Mexico CGU for €13 million, the Bataclan CGU for €6 million, Brainbow for €4 million, and the Anaya group for €3 million.

(****) Including for 2021: classification of Lagardère Travel Retail Australia and New Zealand within assets held for sale (see note 4.3).

(*****) In 2021, goodwill relating to the former Lagardère Active division, which had been written down in full, was derecognised from the balance sheet, giving rise to a reduction in gross values and cumulative impairment losses of €247 million.

See note 10 for a breakdown of goodwill by CGU.

NOTE 17 INTANGIBLE ASSETS

Cost

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives			
	Publication titles	Other(*)	Sports rights	Concession agreements	Other(*)	Total
At 1 January 2020	**40**	**128**	**8**	**1,201**	**410**	**1,787**
Acquisitions	-	1	-	-	52	53
Changes in scope of consolidation	-	4	-	-	7	11
Disposals/Derecognition	-	-	-	(18)	(13)	(31)
Reclassifications	-	1	(8)	(2)	14	5
Translation adjustments	-	(10)	-	(38)	(16)	(64)
At 31 December 2020	**40**	**124**	**-**	**1,143**	**454**	**1,761**
Acquisitions	-	2	-	-	15	17
Changes in scope of consolidation	-	-	-	-	89	89
Disposals/Derecognition	-	(2)	-	(14)	(18)	(34)
Assets held for sale	-	-	-	(11)	(10)	(21)
Reclassifications	(32)	6	-	1	2	(23)
Translation adjustments	-	10	-	35	16	61
At 31 December 2021	**8**	**140**	**-**	**1,154**	**548**	**1,850**

(*) €54 million in brands and other intangible assets were reclassified in 2020 and 2021 as intangible assets with finite useful lives.

Amortisation and impairment losses

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives			
	Publication titles	Other	Sports rights	Concession agreements	Other	Total
At 1 January 2020	**(35)**	**(13)**	**(8)**	**(387)**	**(209)**	**(652)**
Amortisation	-	-	-	(97)	(31)	(128)
Impairment losses	-	-	-	(60)	(1)	(61)
Changes in scope of consolidation	-	-	-	-	(1)	(1)
Disposals/Derecognition	-	-	-	18	12	30
Reclassifications	-	(13)	8	34	(25)	4
Translation adjustments	-	1	-	13	8	22
At 31 December 2020	**(35)**	**(25)**	**-**	**(479)**	**(247)**	**(786)**
Amortisation	-	(1)	-	(90)	(38)	(129)
Impairment losses	-	-	-	(9)	(1)	(10)
Changes in scope of consolidation	-	-	-	-	(1)	(1)
Disposals/Derecognition	-	1	-	14	13	28
Assets held for sale	-	-	-	11	3	14
Reclassifications	32	(6)	-	5	(2)	29
Translation adjustments	-	(1)	-	(15)	(8)	(24)
At 31 December 2021	**(3)**	**(32)**	**-**	**(563)**	**(281)**	**(879)**

Carrying amounts

At 31 December 2020	**5**	**99**	**-**	**664**	**207**	**975**
At 31 December 2021	**5**	**108**	**-**	**591**	**267**	**971**

See note 10 for a breakdown by CGU of intangible assets with indefinite useful lives.

NOTE 18 LEASES

When the Group acts as lessee, the present value of lease payment commitments that are fixed or fixed in substance and due under concession agreements in transport hubs and hospitals, building leases or leases of other equipment, are recognised within lease liabilities against a corresponding right-of-use asset.

The variable portion of lease payments under concession agreements, based on passenger flows or revenue earned by retail outlets, continues to be shown in external charges or in other operating expenses. In application of the full retrospective method, lease liabilities are discounted at the rate set at the start of each agreement. The discount is updated to take account of any modifications, notably as regards the leased premises or lease term. The discount rates applied range from 0.05% to 8.93%.

Changes in right-of-use assets and lease liabilities were as follows in 2021 and 2020:

Right-of-use assets

	Gross amount			Depreciation and impairment losses			Carrying amount		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2021	**3,188**	**738**	**3,926**	**(1,647)**	**(340)**	**(1,987)**	**1,541**	**398**	**1,939**
Impact of applying the second amendment to IFRS 16(*)	26	-	**26**	(5)	-	**(5)**	21	-	**21**
New leases	205	20	**225**				205	20	**225**
Depreciation				(307)	(67)	**(374)**	(307)	(67)	**(374)**
Impairment losses				-	-	**-**	-	-	**-**
Translation adjustments	98	23	**121**	(51)	(11)	**(62)**	47	12	**59**
Lease modifications	(191)	10	**(181)**	25	-	**25**	(166)	10	**(156)**
Lease remeasurements	(62)	(1)	**(63)**	-	-	**-**	(62)	(1)	**(63)**
Changes in scope of consolidation	-	12	**12**	(1)	1	**-**	(1)	13	**12**
Terminated leases	(178)	(56)	**(234)**	178	56	**234**	-	-	**-**
Assets held for sale and other(**)	(284)	(2)	**(286)**	203	3	**206**	(81)	1	**(80)**
At 31 December 2021	**2,802**	**744**	**3,546**	**(1,605)**	**(358)**	**(1,963)**	**1,197**	**386**	**1,583**

(*) Impact of applying the second amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021, with effect from 1 January 2021.

(**) At 31 December 2021, assets held for sale correspond to the Australian and New Zealand entities of Lagardère Travel Retail (see note 4.3).

	Gross amount			Depreciation and impairment losses			Carrying amount		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2020	**3,871**	**778**	**4,649**	**(1,467)**	**(323)**	**(1,790)**	**2,404**	**455**	**2,859**
New leases	333	11	**344**				333	11	**344**
Depreciation				(400)	(73)	**(473)**	(400)	(73)	**(473)**
Impairment losses				-	-	**-**	-	-	**-**
Translation adjustments	(105)	(22)	**(127)**	47	10	**57**	(58)	(12)	**(70)**
Lease modifications	(530)	17	**(513)**				(530)	17	**(513)**
Lease remeasurements	(214)	3	**(211)**				(214)	3	**(211)**
Changes in scope of consolidation	-	(15)	**(15)**	-	12	**12**	-	(3)	**(3)**
Terminated leases	(175)	(33)	**(208)**	175	33	**208**	-	-	**-**
Other	8	(1)	**7**	(2)	1	**(1)**	6	-	**6**
At 31 December 2020	**3,188**	**738**	**3,926**	**(1,647)**	**(340)**	**(1,987)**	**1,541**	**398**	**1,939**

Lease liabilities

	Non-current lease liabilities			Current lease liabilities			Total lease liabilities		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2021	**1,400**	**433**	**1,833**	**342**	**71**	**413**	**1,742**	**504**	**2,246**
Impact of applying the second amendment to IFRS 16(*)	11	-	**11**	-	-	**-**	11	-	**11**
New leases	202	20	**222**	-	-	**-**	202	20	**222**
Interest expense	-	-	**-**	54	14	**68**	54	14	**68**
Decreases from gains on leases(**)	(126)	(5)	**(131)**	-	-	**-**	(126)	(5)	**(131)**
Lease payments	-	-	**-**	(148)	(88)	**(236)**	(148)	(88)	**(236)**
Reclassifications(***)	(35)	(73)	**(108)**	35	73	**108**	-	-	**-**
Translation adjustments	44	14	**58**	12	2	**14**	56	16	**72**
Lease modifications	(166)	10	**(156)**	-	-	**-**	(166)	10	**(156)**
Lease remeasurements	(62)	(1)	**(63)**	-	-	**-**	(62)	(1)	**(63)**
Changes in scope of consolidation	-	14	**14**	-	-	**-**	-	14	**14**
Liabilities related to assets held for sale and other(****)	(77)	(1)	**(78)**	(58)	-	**(58)**	(135)	(1)	**(136)**
At 31 December 2021	**1,191**	**411**	**1,602**	**237**	**72**	**309**	**1,428**	**483**	**1,911**

(*) Impact of applying the second amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021, with effect from 1 January 2021.

(**) Including gains and losses on lease modifications, negative variable lease payments and reductions in lease liabilities obtained in connection with Covid-19.

(***) Reclassifications relate to the current portion of lease liabilities, reclassified within current lease liabilities.

(****) At 31 December 2021, liabilities held for sale correspond to the Australian and New Zealand entities of Lagardère Travel Retail (see note 4.3).

	Non-current lease liabilities			Current lease liabilities			Total lease liabilities		
	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total	Concession agreements	Buildings and other	Total
At 1 January 2020	**2,032**	**495**	**2,527**	**512**	**58**	**570**	**2,543**	**554**	**3,097**
New leases	327	10	**337**	-	-	-	327	10	**337**
Interest expense	-	-	-	57	17	**74**	57	17	**74**
Decreases by gains on leases(*)	(171)	-	**(171)**	-	-	-	(171)	-	**(171)**
Lease payments	-	-	-	(206)	(79)	**(285)**	(206)	(79)	**(285)**
Reclassifications(**)	3	(77)	**(74)**	(3)	77	**74**	-	-	-
Translation adjustments	(48)	(14)	**(62)**	(13)	(2)	**(15)**	(61)	(16)	**(77)**
Lease modifications	(530)	17	**(513)**	-	-	-	(530)	17	**(513)**
Lease remeasurements	(214)	3	**(211)**	-	-	-	(214)	3	**(211)**
Changes in scope of consolidation	-	(1)	**(1)**	-	(3)	**(3)**	-	(4)	**(4)**
Other	1	-	**1**	(5)	3	**(2)**	(3)	2	**(1)**
At 31 December 2020	**1,400**	**433**	**1,833**	**342**	**71**	**413**	**1,742**	**504**	**2,246**

(*) Including gains and losses on lease modifications, negative variable lease payments and reductions in lease liabilities obtained in connection with Covid-19.

(**) Reclassifications relate to the current portion of lease liabilities, reclassified within current lease liabilities.

In view of the persistent health crisis, **rent relief** granted by lessors **in 2021** is of the same nature as that granted in 2020, and concerns:

- the cancellation of all or a portion of guaranteed minimum payments over a given period recognised as a deduction from lease liabilities against a gain in the income statement (first amendment to IFRS 16) or a reduction in right-of-use assets;
- the cancellation of guaranteed minimum payments based on applicable contractual conditions recognised as a deduction from lease liabilities against a gain in the income statement (negative variable lease payment);
- more general revisions to lease terms and surface areas leased recognised as a reduction in lease liabilities against right-of-use assets (lease modifications).

The first and second IFRS 16 amendments were applied where the renegotiated leases met the requisite conditions. Under these amendments, rent relief obtained up to 30 June 2022 may be recognised as a deduction from lease liabilities against a gain in the income statement.

The main movements in right-of-use assets and lease liabilities **at 31 December 2021** were as follows:

- a reduction in lease liabilities for **€288 million** recognised against right-of-use assets for **€156 million** (**lease modifications**), and gains on leases recognised in income for **€131 million**, including:
  - an increase in lease terms and in premises leased, representing a positive €268 million,
  - rent relief obtained in respect of Lagardère Travel Retail's concession agreements in 2022, to which the IFRS 16 amendment was applied in an amount of **€126 million** (reduction in the lease liability against a gain on the lease),
  - a decrease in lease terms and premises leased, representing a negative €111 million in lease liabilities and a negative €106 million in right-of-use assets, including a **€5 million gain** on leases,
  - changes in lease payments representing a negative €306 million,

- the impact of discounting future lease payments at a revised discount rate, representing a negative €13 million;

- a reduction in lease liabilities recognised against right-of-use assets for **€63 million** (**lease remeasurements**).

Interest expense on lease liabilities amounted to €68 million in 2021, compared to €74 million in 2020, a decrease of €6 million mainly attributable to the decrease in lease liabilities.

Lease payments represented €236 million at 31 December 2021 compared with €285 million at 31 December 2020.

Certain leases do not give rise to a right-of-use asset or a lease liability. These are **leases with variable lease payments, with a term of less than 12 months, or with a low-value underlying asset.** The corresponding rental expenses, representing €244 million in 2021 (€104 million in 2020), continue to be shown in external charges or in other operating expenses, including €235 million in respect of variable lease payments under concession agreements.

In the Group's segment information (see note 5), the rental expense reclassified in recurring operating profit of fully consolidated companies amounts to €151 million for concession agreements in 2021 (€213 million in 2020).

The table below shows the maturity of undiscounted lease liabilities at 31 December 2021 and 2020:

Lease liabilities	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024	31 Dec. 2025	31 Dec. 2026	Beyond 5 years	Total
Concession agreements	337	313	292	231	183	368	**1,723**
Buildings and other	85	78	72	65	59	166	**526**
At 31 December 2021	**422**	**391**	**364**	**296**	**242**	**534**	**2,249**

Lease liabilities	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024	31 Dec. 2025	Beyond 5 years	Total
Concession agreements	386	387	312	279	161	366	**1,891**
Buildings and other	87	78	71	66	60	215	**576**
At 31 December 2020	**473**	**465**	**383**	**345**	**221**	**581**	**2,467**

At 31 December 2021, **the residual weighted average term of concession agreements** and building leases was seven years and eight years, respectively.

Concession agreements and building leases signed at 31 December 2021 but not yet effective, represented total undiscounted lease payment commitments of €60 million.

The Group sub-lets retail premises and office space under operating leases in which it acts as lessor. The associated income from sub-leasing such premises continues to be included within other operating income.

In certain cases, sub-leases cover substantially all of the risks and rewards of the principal lease, and are recognised as finance leases. Right-of-use assets relating to the principal lease are derecognised and a financial receivable booked for €18 million at 31 December 2021, unchanged from end-2020.

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows by category:

2021 – Cost

	At 1 Jan. 2021	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifi-cations	Assets held for sale(***)	Translation adjustments	At 31 Dec. 2021
Land	47	-	-	-	2	-	-	49
Buildings	674	31	(12)	(34)	27	(40)	29	675
Machinery and equipment	560	31	2	(31)	42	-	17	621
Other	421	21	1	(34)	(50)	(12)	5	352
Assets under construction(*)	59	38	-	-	(24)	(1)	3	75
Total	**1,761**	**121**	**(9)**	**(99)**	**(3)**	**(53)**	**54**	**1,772**

2021 – Depreciation and impairment losses

	At 1 Jan. 2021	Depreciation	Impairment losses(**)	Changes in scope of consolidation	Disposals	Reclassifi-cations	Assets held for sale(***)	Translation adjustments	At 31 Dec. 2021
Land	-	-	-	-	-	-	-	-	-
Buildings	(362)	(61)	-	12	34	(18)	30	(15)	(380)
Machinery and equipment	(407)	(55)	(2)	(1)	30	(27)	-	(12)	(474)
Other	(283)	(42)	(3)	-	35	43	9	(4)	(245)
Assets under construction(*)	-	-	-	-	-	-	-	-	-
Total	**(1,052)**	**(158)**	**(5)**	**11**	**99**	**(2)**	**39**	**(31)**	**(1,099)**
Carrying amounts	**709**	**(37)**	**(5)**	**2**	**-**	**(5)**	**(14)**	**23**	**673**

(*) Assets under construction include property, plant and equipment and intangible assets.
(**) See note 10 for a breakdown of property, plant and equipment impairment.
(***) Classification of Lagardère Travel Retail Australia and New Zealand within assets held for sale (see note 4.3).

2020 – Cost

	At 1 Jan. 2020	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2020
Land	47	-	-	-	-	-	47
Buildings	482	34	-	(25)	205	(22)	674
Machinery and equipment	717	33	1	(30)	(139)	(22)	560
Other	523	28	(1)	(24)	(95)	(10)	421
Assets under construction(*)	62	19	-	-	(20)	(2)	59
Total	**1,831**	**114**	**-**	**(79)**	**(49)**	**(56)**	**1,761**

2020 – Depreciation and impairment losses

	At 1 Jan. 2020	Depreciation	Impairment losses(**)	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2020
Land	-	-	-	-	-	-	-	-
Buildings	(256)	(66)	(5)	-	24	(69)	10	(362)
Machinery and equipment	(461)	(57)	(5)	-	28	75	13	(407)
Other	(303)	(38)	(5)	-	25	32	6	(283)
Assets under construction(*)	-	-	-	-	-	-	-	-
Total	**(1,020)**	**(161)**	**(15)**	**-**	**77**	**38**	**29**	**(1,052)**
Carrying amounts	**811**	**(47)**	**(15)**	**-**	**(2)**	**(11)**	**(27)**	**709**

(*) Assets under construction include property, plant and equipment and intangible assets.
(**) See note 10 for a breakdown of property, plant and equipment impairment.

NOTE 20 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Investments in **associates and joint ventures** are accounted for under the equity method in the Group's consolidated financial statements. The Group's main equity-accounted companies are as follows:

	Joint shareholder	Main business	% interest		Balance sheet		Income statement	
			31 Dec. 2021	31 Dec. 2020	**31 Dec. 2021**	31 Dec. 2020	**2021**	2020
Lagardère & Connexions	SNCF Participations	Travel Retail	**50%**	50%	**-**	-	**(1)**	(9)
Other					**4**	3	**1**	(5)
Total joint ventures					**4**	**3**	**-**	**(14)**
S.D.A. (Société de Distribution Aéroportuaire)	Aéroport de Paris	Travel Retail	**45%**	45%	**-**	-	**(8)**	(34)
Relay@ADP	Aéroport de Paris	Travel Retail	**50%**	50%	**-**	-	**(1)**	(7)
Éditions J'ai Lu(*)		Publishing		35%	**-**	17	**-**	-
Inmedio		Travel Retail	**49%**	49%	**12**	12	**-**	(1)
Yen Press		Publishing	**49%**	49%	**20**	12	**7**	2
Saddlebrook International Sports		Sports	**30%**	30%	**5**	5	**-**	-
Other					**5**	3	**3**	(4)
Total associates					**42**	**49**	**1**	**(44)**
Total investments in equity-accounted companies					**46**	**52**	**1**	**(58)**

(*) Disposal of Éditions J'ai Lu in 2021 (negative €17 million impact).

Movements in investments in equity-accounted companies can be analysed as follows:

	2021			2020		
	Total	Joint ventures	Associates	Total	Joint ventures	Associates
Investments in equity-accounted companies at beginning of year	52	3	49	73	6	67
Dividends paid	**(1)**	**(1)**	**-**	(1)	-	(1)
Share in profit (loss)	**1**	**-**	**1**	(58)	(14)	(44)
Impairment losses	**-**	**-**	**-**	-	-	-
Change in other comprehensive income	**2**	**-**	**2**	(2)	-	(2)
First-time consolidations/ Acquisitions	**3**	**-**	**3**	-	-	-
Deconsolidation/Disposals(*)	**(18)**	**-**	**(18)**	1	1	-
Other(**)	**7**	**1**	**6**	39	10	29
Investments in equity-accounted companies at end of year	46	4	42	52	3	49

(*) Disposal of Éditions J'ai Lu in 2021 (negative €17 million impact).
(**) Including the reclassification of €9 million within liabilities relating to provisions for the share of losses of equity-accounted companies in 2021 (€34 million in 2020).

Joint ventures

As part of its business operations, Lagardère Travel Retail manages certain travel retail contracts in the form of 50/50 joint ventures entered into with concession grantors. The main joint ventures set up by Lagardère Travel Retail with its partners are (i) Lagardère & Connexions (formerly Société des Commerces en Gares), with SNCF Participations, (ii) SVRLS@LAREUNION, with Servair, and (iii) Lyon Duty Free, with Lyon airport authorities.

Total revenue generated by these Travel Retail joint ventures (on a 100% basis) amounted to €292 million in 2021 versus €221 million in 2020. Fully consolidated entities invoiced joint ventures amounts of €7 million in 2021 and €3 million in 2020.

	Figures on a 100% basis		Lagardère's share (50%)	
	2021	2020	**2021**	2020
Total revenue	**292**	221	**147**	111
Group revenue with joint ventures	***(7)***	*(3)*	***(3)***	*(1)*
Adjusted revenue	**285**	217	**142**	109
Recurring operating profit (loss)	**(1)**	(20)	**0**	(10)
Profit (loss) before finance costs and tax	**2**	(19)	**1**	(10)
Profit (loss) before tax	**-**	(21)	**-**	(11)
Profit (loss) for the period	**0**	(20)	**0**	(10)
Net debt	**(35)**	(40)	**(17)**	(20)

Associates

As part of its business operations, Lagardère Travel Retail also manages certain travel retail contracts with associates. The main associates set up by Lagardère Travel Retail with its partners are Société de Distribution Aéroportuaire and Relay@ADP with Aéroports de Paris.

Total revenue generated by these Travel Retail associates (on a 100% basis) amounted to €371 million in 2021 versus €270 million in 2020. Fully consolidated entities invoiced associates amounts of €52 million in 2021 and €38 million in 2020.

	Figures on a 100% basis		Lagardère's share (50%)	
	2021	2020	**2021**	2020
Total revenue	**371**	270	**185**	135
Group revenue with associates	***(52)***	*(38)*	***(26)***	*(19)*
Adjusted revenue	**319**	232	**159**	116
Recurring operating profit (loss)	**(17)**	(70)	**(9)**	(35)
Profit (loss) before finance costs and tax	**(15)**	(81)	**(8)**	(41)
Profit (loss) before tax	**(16)**	(82)	**(8)**	(41)
Profit (loss) for the period	**(19)**	(82)	**(10)**	(41)
Net debt	**(72)**	(124)	**(36)**	(62)

NOTE 21 OTHER NON-CURRENT ASSETS

Other non-current assets

Other non-current assets break down as follows:

Carrying amount	31 Dec. 2021	31 Dec. 2020
Investments in non-consolidated companies	44	43
Loans and receivables	144	153
Derivative financial instruments(*)	-	16
Total	**188**	212

(*) See note 30.1.

Investments in non-consolidated companies

Investments in non-consolidated companies include the following:

	31 Dec. 2021		31 Dec. 2020	
Carrying amount	Carrying amount	% interest	Carrying amount	% interest
FCPI Idinvest Digital Fund	11	7%	11	7%
Other	33	-	32	-
Total	**44**		43	

The above investments are classified as investments in non-consolidated companies. No fair value adjustments were recognised in equity in respect of investments in non-consolidated companies in 2021.

Cumulative fair value adjustments on investments in non-consolidated companies at 31 December 2021 amounted to a negative €1 million.

Loans and receivables

Loans and receivables can be analysed as follows:

Loans and receivables	31 Dec. 2021	31 Dec. 2020
Gross amount	206	216
Accumulated impairment losses	(62)	(63)
Carrying amount	**144**	153

Analysis of impairment losses	2021	2020
At 1 January	**(63)**	(30)
Impairment losses (recognised) reversed in the year	(4)	(16)
Other movements and translation adjustments	5	(17)
At 31 December	**(62)**	(63)

Loans and receivables included in non-current financial assets mainly comprise deposits, loans and receivables with an estimated maturity of more than one year. They also include financial receivables resulting from finance sub-leases for €18 million at 31 December 2021, unchanged from end-2020.

Other movements and translation adjustments on impairment of loans and receivables totalling €5 million in 2021 correspond mainly to risks extinguished on the disposal of Lagardère Sports. This caption represented a negative €17 million at 31 December 2020, chiefly relating to the reclassification of current accounts with joint ventures within loans at Lagardère Travel Retail in the United States. These loans had already been written down at the start of the reporting period.

NOTE 22 INVENTORIES

Inventories break down as follows:

	31 Dec. 2021	31 Dec. 2020
Lagardère Publishing	542	435
Lagardère Travel Retail	338	294
Other Activities	2	2
Gross amount	**882**	731
Accumulated impairment losses	(250)	(233)
Carrying amount	**632**	498

Analysis of impairment losses	**2021**	2020
At 1 January	**(233)**	(207)
Impairment losses (recognised) reversed in the year	(10)	(28)
Other movements and translation adjustments	(7)	2
At 31 December	**(250)**	(233)

NOTE 23 TRADE RECEIVABLES

Trade receivables and their realisable value can be analysed as follows:

	31 Dec. 2021	31 Dec. 2020
Trade receivables (gross amount)	**1,137**	1,164
Accumulated impairment losses	(115)	(114)
Carrying amount	**1,022**	1,050
Of which:		
- not yet due	866	907
- less than six months past due	123	105
- more than six months past due	34	38
Total	**1,023**	1,050

Analysis of impairment losses	**2021**	2020
At 1 January	**(115)**	(90)
Impairment losses (recognised) reversed in the year	2	(26)
Other movements and translation adjustments	(2)	1
At 31 December	**(115)**	(115)

Securitisation, factoring and sale of trade receivables

The five-year trade receivables securitisation programme (resulting in derecognition of the receivables concerned) set up by the Group in certain Lagardère Active subsidiaries in December 2015, was **unwound on 5 May 2021**. The last receivables amounting to €17.1 million, sold before this date, were therefore bought back. Receivables sold and deconsolidated under this programme totalled €27.5 million at end-2020.

In May 2021, a factoring agreement was signed, subject to a maximum amount of authorised outstanding receivables of €25 million. Customers must undergo an approval procedure to obtain authorisation for the transfer by Lagardère. A performance guarantee is granted by the bank, which bears the risk of customer insolvency, within the limits of the authorisations granted and a maximum amount of authorised outstanding receivables of €25 million. A guarantee fund and a reserve fund were set up by the bank, which is credited with 5% of the amount of the receivables sold and 5% of the end-of-year rebates granted, respectively.

In December 2021, trade receivables forfaiting agreements were also signed by several Group subsidiaries. These agreements provide for the possibility of selling trade receivables at a discount to participating banks in return for a fee and compensation in the event of any unpaid amounts. The decision to accept the trade receivable is made by the bank on a case-by-case basis. Trade receivables are sold after credit notes have been taken into account. For certain receivables sold, an insolvency risk representing 5% of the amount sold is retained by Lagardère, which keeps this share of the receivable on its balance sheet against a corresponding debt.

Receivables sold and deconsolidated under these factoring and discounting programmes totalled €205 million at end-December 2021.

The sums to be repaid to the banks in respect of the receivables collected within the scope of debt collection procedures, as well as the share of the risk retained on the receivables sold, represented a debt of €27 million at 31 December 2021.

Lagardère is also exposed to a residual risk on the transferred receivables, represented mainly by the guarantee fund and the reserve fund set up by the bank in the amount of €2 million at 31 December 2021.

NOTE 24 OTHER CURRENT ASSETS

Other current assets break down as follows:

	31 Dec. 2021	31 Dec. 2020
Receivable from authors	301	300
Recoverable taxes and payroll taxes	188	170
Prepaid expenses	66	57
Receivable from suppliers	76	75
Advances paid	35	46
Derivative financial instruments(*)	2	1
Loans	8	7
Other	60	69
Total	**736**	725
Accumulated impairment losses	(49)	(50)
Carrying amount	**687**	675

(*) See note 30.1 for more details on derivative financial instruments.

Analysis of impairment losses	2021	2020
At 1 January	**(50)**	(40)
Impairment losses (recognised) reversed in the year	(38)	(46)
Other movements and translation adjustments	39	36
At 31 December	**(49)**	(50)

NOTE 25 CASH AND CASH EQUIVALENTS, NET

Cash and cash equivalents reported in the statement of cash flows are calculated as follows:

	31 Dec. 2021	31 Dec. 2020
Cash and cash equivalents	937	687
Short-term bank loans and overdrafts	(59)	(82)
Cash and cash equivalents, net	**878**	605

Cash and cash equivalents break down as follows:

	31 Dec. 2021	31 Dec. 2020
Bank accounts	839	649
Money market funds	95	10
Term deposits and current accounts maturing in less than three months	3	28
Cash and cash equivalents	**937**	687

Changes in working capital as reported in the statement of cash flows can be analysed as follows:

	2021	2020
Change in inventories	(90)	105
Change in trade receivables	102	21
Change in trade payables	220	(201)
Change in other receivables and payables	48	58
Change in lease liabilities	(4)	(4)
Changes in working capital(*)	**276**	(21)

(*) Including changes in working capital relating to lease liabilities representing a negative €4 million, of which a negative €4 million in respect of concession agreements in 2021 (a negative €4 million and €6 million, respectively, in 2020).

The **change in working capital** was an inflow of €276 million, compared with an outflow of €21 million in 2020, and included a no-recourse sale of receivables in December 2021, which had a positive €182 million impact on the year. The improvement was also driven by working capital optimisation measures and an upturn in business at Lagardère Travel Retail, which led to a sharp rise in trade payables.

Collection of receivables linked to disposals

In June 2021, Lagardère Media was reimbursed in respect of the residual €45 million receivable it held under the contract with the Asian Football Confederation (AFC) following the sale of Lagardère Sports to H.I.G. Capital in April 2020.

NOTE 26 EQUITY

26.1 SHARE CAPITAL

At 31 December 2021, the share capital of Lagardère SA amounted to €860,913,044.60, represented by 141,133,286 shares with a par value of €6.10 each, all ranking *pari passu* and fully paid up.

26.2 TREASURY SHARES

Changes in the number of shares held in treasury over the last two years were as follows:

	2021	2020
Number of treasury shares held at 1 January	**1,590,628**	2,276,966
Purchases of treasury shares	549,398	1,471,624
Sales of treasury shares	(490,592)	(1,702,787)
Awards	(8,014)	(8,157)
Capital reduction by cancellation of treasury shares	(481,917)	(447,018)
Number of treasury shares held at 31 December	**1,159,503**	1,590,628

At 31 December 2021, shares held in treasury represented 0.82% of Lagardère SA's share capital and were allocated for the following purposes:

- 1,001,860 shares for future allocation to employees;
- 157,643 shares for market-making purposes.

In 2021, under the liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for the purposes of market-making, Lagardère SA purchased 549,398 treasury shares during the year for a total cost of €12 million and sold 490,592 treasury shares for a total of €11 million, giving rise to a €1 million net disposal loss which was recorded directly in equity. This liquidity agreement was suspended on 16 September and will remain suspended until the closing of the public tender offer for Lagardère SA.

The Group also carried out a number of capital reductions by cancelling 481,917 treasury shares for €9 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were allocated in 2021 to the Group's Co-Managing Partners and salaried employees who are beneficiaries under the 6 April 2017 and 16 April 2018 plans.

In 2020, Lagardère SA purchased 1,471,624 treasury shares under the liquidity agreement, for a total cost of €24 million and sold 1,702,787 treasury shares for a total of €29 million, generating a €5 million net disposal profit which was recorded directly in equity.

The Group also carried out a number of capital reductions during the year, by cancelling 447,018 treasury shares for €13 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were allocated in 2020 to the Group's Co-Managing Partners and salaried employees who are beneficiaries under the 9 May 2016 and 6 April 2017 plans.

26.3 OTHER RESERVES

Translation reserve

The translation reserve corresponds to cumulative exchange differences arising on translation of the financial statements of foreign subsidiaries whose functional currency is not the euro.

Valuation reserve

The valuation reserve comprises cumulative gains and losses arising on changes in value of:

- derivative financial instruments used as cash flow hedges; and
- investments in non-consolidated companies.

26.4 MINORITY INTERESTS

Minority interests do not represent a material amount in the Group's consolidated financial statements. Minority interests in the net assets and profits of consolidated companies break down as follows:

	Minority interests in subsidiaries		Balance sheet		Income statement		Dividends paid to minority shareholders of subsidiaries	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	2021	2020	2021	2020
Lagardère Publishing			**40**	36	**9**	7	**5**	5
o/w Librairie Générale Française	**40%**	40%	**23**	22	**4**	4	**3**	4
o/w Pika Editions	**33.33%**	33.33%	**8**	6	**2**	1	**-**	-
o/w Le Livre Scolaire	**30%**	30%	**4**	4	**-**	1	**1**	-
Lagardère Travel Retail			**83**	65	**6**	(37)	**16**	8
o/w Paradies and Hojeij Branded Foods sub-groups(*)	**N/A**	N/A	**43**	49	**14**	(15)	**16**	8
o/w Lagardère Travel Retail Asia sub-group(**)	**23.55%**		**34**		**1**		**-**	
o/w Lagardère Duty Free SAS (Aelia) sub-group	**9.96%**	9.96%	**1**	7	**(5)**	(17)	**-**	-
o/w Airest sub-group	**50%**	50%	**9**	11	**(2)**	(4)	**-**	-
Other Activities			**1**	1	**-**	-	**1**	-
Lagardère Sports					**-**	2	**-**	-
o/w Lagardère Sports Asia sub-group					**-**	2	**-**	-
Total			**124**	**102**	**15**	**(28)**	**22**	**13**

(*) Paradies and Hojeij Branded Foods groups include the minority interests resulting from the acquisition of Paradies on 22 October 2015 and of Hojeij Branded Foods on 19 November 2018. In accordance with US legislation (Airport Concessions Disadvantaged Business Enterprises [ACDBE] Program), the Travel Retail activities in North America are operated in numerous airports by legal entities that include minority partners. The percentages of minority interests are different in each of the sub-group's subsidiaries.

(**) In 2021, JD.com, JIC and CICC took a €103 million minority stake in Lagardère Travel Retail Asia as part of a strategic partnership in the region.

Liquidity clauses granted to minority partners

The agreements signed by Lagardère Travel Retail Asia with minority investors JD.com, JIC and CICC in September and December 2021 include liquidity clauses allowing the investors to exit the capital of Lagardère Travel Retail Asia, subject to certain conditions and events. These clauses include put options exercisable by the minority investors between 2026 and 2028 requiring the Lagardère group to buy out the minority investments:

- two agreements provide for a cash-only settlement of these buy-out clauses, resulting in the recognition of €16 million in non-current debt at 31 December 2021;
- the third agreement makes the exercise of this liquidity clause by the investor conditional on there being no "qualified" initial public offering of Lagardère Travel Retail Asia shares before 30 June 2027. In this case, the amount to be remitted to the investor in the event the liquidity option is exercised will be based on the fair value of the shareholding at that date. This third agreement also provides for the Lagardère group to opt for a settlement of the liquidity clause either in cash or in a variable number of shares of Lagardère SA (the Group's controlling entity). As this alternative may be exercised on Lagardère's initiative, the instruments were classified as equity. To date, the Lagardère group has not identified any obstacles to the completion of the "qualified" IPO by 30 June 2027.

26.5 CAPITAL MANAGEMENT

Lagardère closely monitors its ownership and shareholding structure. As all Lagardère SA shares are held in registered form, the Group has good knowledge of its ownership structure and of the changes in shareholdings over time. There were significant changes in Lagardère SA's ownership structure in 2021, with:

- the increase in the Company's capital on 30 June 2021 through the creation of 10 million new shares, allocated in equal proportions to Arnaud Lagardère and Arjil Commanditée-Arco as compensation for the loss of their financial and non-financial rights in the context of the conversion of the Company from a partnership limited by shares into a French joint-stock company (*société anonyme*);
- the increase in Financière Agache's stake in the Company's capital on 13 October 2021 in the context of its exit from Lagardère Capital;
- the acquisition by Vivendi SE of 25,305,448 shares held by Amber Capital, with 620,340 shares acquired on 24 September 2021 and the remainder on 16 December 2021.

At 31 December 2021, the four largest shareholders held almost 78% of the share capital.

In 2008, the Group put in place a liquidity agreement for the purpose of ensuring a liquid market for its shares and stabilising the share price. On 16 September 2021, the start date of the pre-offer period for the Company's shares, the execution of the liquidity contract was suspended in accordance with stock market regulations.

Lagardère has not raised capital on the market for several years and has a policy of regularly paying out dividends. To reward shareholder stability, the Company has granted double voting rights for shares registered in the name of the same shareholder for at least four years.

As part of its long-term development strategy, the Group optimises its debt/equity ratio.

The shares due to be remitted to executives and employees under the free share plans are generally new shares created through a capital increase by capitalising reserves. An equivalent number of treasury shares is cancelled in order to neutralise the resulting dilutive impact on shareholders. In order to maintain a constant level of treasury shares further to such transactions, the Group may purchase shares on the market.

At the end of 2020, the Group consolidated its financial structure and signed an agreement to amend and extend the syndicated credit facility until 31 March 2023. These agreements were signed on 18 December 2020 and took effect on 8 January 2021. They contain default clauses which include redefined covenants along with specific rules on dividend payments until 2024 and sums allocated to share buybacks outside the scope of the liquidity agreement (see note 29).

26.6 OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD

The components of **other comprehensive income (expense)** can be analysed as follows:

	2021			2020		
	Attributable to owners(*)	Minority interests	Total equity	Attributable to owners(*)	Minority interests	Total equity
Translation reserve	**120**	**3**	**123**	**(120)**	**(4)**	**(124)**
- Currency translation adjustments	*120*	*3*	*123*	*(120)*	*(4)*	*(124)*
- Share of other comprehensive income (expense) of equity-accounted companies, net of tax	-	-	-	-	-	-
Valuation reserve	**(26)**	**-**	**(26)**	**8**	**-**	**8**
Change in fair value of derivative financial instruments	**(26)**	**-**	**(26)**	**8**	**-**	**8**
- Unrealised gains (losses) recognised directly in equity	*(32)*	-	*(32)*	*14*	-	*14*
- Amounts reclassified from equity to profit or loss	-	-	-	-	-	-
- Tax effect	*6*	-	*6*	*(6)*	-	*(6)*
Change in fair value of investments in non-consolidated companies	**-**	**-**	**-**	**-**	**-**	**-**
- Unrealised gains (losses) recognised directly in equity	-	-	-	-	-	-
- Amounts reclassified from equity to profit or loss	-	-	-	-	-	-
- Tax effect	-	-	-	-	-	-
Other reserves	**20**	**-**	**20**	**(7)**	**-**	**(7)**
Change in provisions for pensions and other post-employment benefit obligations	**20**	**-**	**20**	**(7)**	**-**	**(7)**
- Actuarial gains and losses on pensions and other post-employment benefit obligations	*26*	-	*26*	*(8)*	-	*(8)*
- Tax effect	*(6)*	-	*(6)*	*1*	-	*1*
Other comprehensive income (expense) for the period, net of tax	**114**	**3**	**117**	**(119)**	**(4)**	**(123)**

(*) Equity attributable to owners of the Parent.

Currency translation adjustments recognised within attributable other comprehensive income (expense) relate mainly to the following currencies:

	31 Dec. 2021	31 Dec. 2020
US dollar:	€85 million	€(90) million
Pound sterling:	€36 million	€(27) million
Other:	€(1) million	€(3) million
Total	**€120 million**	**€(120) million**

NOTE 27 PROVISIONS

27.1 PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS

In application of the principles set out in note 3.19 “Provisions for pensions and other post-employment benefit obligations”, provisions are recognised to cover the Group's obligations under defined benefit plans.

The provision recognised at 31 December represents the value of beneficiaries' accumulated rights less the related plan assets. The Group’s main obligations concerning pensions and other post-employment benefits relate to plans in the United Kingdom and France.

In 2021, the IFRS – IC issued the agenda decision, **"IFRS IC – IAS 19 – Attributing Benefit to Periods of Service"**, which is effective for the consolidated financial statements at 31 December 2021.

This decision consists of attributing benefits to employees only during the period prior to retirement, taking into account applicable tiers and ceilings. Under the terms of the benefit plan described in the agenda decision: (i) employees are entitled to a benefit payment when they reach a specified retirement age provided they are employed by the entity when they reach that retirement age, and (ii) the amount of the retirement benefit to which an employee is entitled depends on the length of employee service before the retirement age and is capped at a specified number of years of service.

This represents a change in accounting policy, resulting in a **negative impact of €10 million on the provision for pensions and other post-employment benefit obligations, i.e., a net-of-tax impact of €7 million recognised against a corresponding increase in opening equity**.

United Kingdom

The Group’s pension plans in the United Kingdom are closed to new entrants and current members may no longer accrue any future benefits. The pension benefits payable under these plans are based on beneficiaries’ career average salaries. The plans are funded by plan assets, and in accordance with the applicable law are subject to minimum funding requirements. A Board of Trustees – made up of an equal number of representatives of the employer and employees/retirees – is responsible for ensuring that the plans are properly managed from both an administrative and financial perspective. At 31 December 2021, the plans in effect in the United Kingdom represented an aggregate obligation of €252 million (69% of the Group’s total obligation) and plan assets amounted to €280 million (92% of the Group’s total plan assets).

France

The most significant plans in place in France relate to end-of-career bonuses paid to employees in accordance with the specific requirements of each entity’s collective bargaining agreement. Employees are paid this bonus when they retire and its amount is calculated based on the employee's length of service and the terms and conditions specified in the relevant collective bargaining agreement. End-of-career bonuses are not covered by funded plans and are not subject to any minimum funding requirements. At 31 December 2021, they represented an aggregate obligation of €51 million (14% of the Group’s total obligation).

The tables below give details of the assumptions used for measuring the Group's pension and other post-employment benefit obligations as well as movements in their value and the related provisions recognised.

Change in present value of benefit obligation

	2021	2020
Present value of benefit obligation at beginning of year	**380**	365
Impact of the application of IFRIC – IAS 19	(10)	-
Current service cost	8	7
Plan amendments/Curtailments	(2)	-
Settlements	(2)	(2)
Interest expense	4	6
Employee contributions	-	-
Benefits paid	(12)	(13)
Actuarial (gains) and losses from changes in demographic assumptions	(1)	-
Actuarial (gains) and losses from changes in financial assumptions	(18)	34
Actuarial (gains) and losses from experience adjustments	(2)	-
Changes in scope of consolidation and assets held for sale	1	(2)
Translation adjustments and other	19	(15)
Present value of benefit obligation at end of year	**365**	380
Present value of benefit obligation at end of year for funded plans	295	295
Present value of benefit obligation at end of year for unfunded plans	70	85

Change in fair value of plan assets

	2021	2020
Fair value of plan assets at beginning of year	**280**	268
Interest income	4	5
Effect of remeasurements	5	26
Employee contributions	-	-
Employer contributions	5	5
Benefits paid	(8)	(10)
Settlements	-	-
Changes in scope of consolidation	-	-
Translation adjustments and other	19	(14)
Fair value of plan assets at end of year	**305**	280

Asset allocation at 31 December

	2021	2020
Shares	5%	11%
Bonds	37%	38%
Real estate	1%	1%
Money market instruments	17%	3%
Other	40%	47%

Calculation of net benefit obligation at 31 December

	2021	2020	2019	2018	2017
Present value of benefit obligation	365	380	365	358	400
Fair value of plan assets	(305)	(280)	(268)	(229)	(239)
Unrecognised past service cost	-	-	-	-	-
Net amount recognised as a provision	**60**	100	97	129	161

Movements in the provision recognised in the balance sheet

	2021	2020
Provision at beginning of year	**100**	97
Net expense for the year	4	6
Impact of the application of IFRIC – IAS 19	(10)	-
Actuarial (gains) and losses recognised in equity	(26)	8
Employer contributions	(5)	(5)
Benefits paid by the employer	(4)	(3)
Changes in scope of consolidation and assets held for sale	1	(2)
Translation adjustments and other	-	(1)
Provision at end of year(*)	**60**	100

(*) Including €88 million in provisions for post-employment benefit obligations and a negative amount of €28 million recognised under other non-current assets for two overfunded plans.

Calculation of net expense for the year

	2021	2020
Current service cost	8	7
Plan amendments/Curtailments	(2)	-
Settlements	(2)	(2)
Interest expense	-	1
Actuarial gains and losses on other employee benefits	-	-
Net expense (income) recognised in the income statement	**4**	6
Actuarial (gains) and losses from changes in demographic assumptions	(1)	-
Actuarial (gains) and losses from changes in financial assumptions	(18)	34
Actuarial (gains) and losses from experience adjustments	(2)	-
Excess of actual return on plan assets	(5)	(26)
Effect of asset ceiling	-	-
Remeasurement of the net liability recognised in equity	**(26)**	8
Net expense for the year	**(22)**	14

Actuarial assumptions used to calculate benefit obligations

	2021	2020
Discount rate: weighted average for all countries including:	1.65%	1.09%
- Eurozone(*)	*1.05%*	*0.50%*
- United Kingdom(*)	*1.80%*	*1.25%*
Average expected rate of benefit increase	3.17%	2.81%
Average expected rate of salary increase	1.55%	1.48%
Expected rate of healthcare cost inflation:		
- initial	*N/A*	*N/A*
- ultimate	*N/A*	*N/A*
- year in which ultimate rate is expected to be reached	*N/A*	*N/A*

(*) Discount rates are derived from market rates on high quality corporate bonds (rated AA) with maturities that approximate those of the estimated future payments under the plans. The benchmark index used for the euro zone is the iBoxx Corporate AA.

Experience gains and losses recognised in equity

	2021	2020
Difference between actual and expected return on plan assets		
Gains (losses)	5	26
Percentage of plan assets at year-end	1.43%	9.40%
Experience adjustments		
Losses (gains)	(2)	-
Percentage of present value of plan liabilities at year-end	-0.48%	-0.09%

Sensitivity of the obligation at 31 December 2021 to changes in the discount rate

	0.5% increase	0.5% decrease
Impact on present value of benefit obligation	(25)	29
Weighted average duration of obligations	15 years	

Expected employer contributions

	2021	2020
Expected employer contributions	3	4

Actuarial gains and losses recognised directly in equity

	2021	2020
Actuarial gains (losses) at 1 January	**(46)**	(39)
Change during the year:		
- in value of benefit obligation	21	(34)
- in fair value of plan assets	5	26
Actuarial gains (losses) at 31 December	**(20)**	(47)
Deferred tax impact	(6)	1
Actuarial gains (losses), net of tax at 31 December	**(26)**	(46)

27.2 OTHER PROVISIONS

Current and non-current provisions for contingencies and losses primarily cover the following:

	31 Dec. 2021	31 Dec. 2020
Restructuring and withdrawal costs	**24**	43
Claims and litigation	**37**	35
Other contingencies	**226**	264
Total	**287**	**342**
Of which:		
- non-current provisions	***141***	*174*
- current provisions	***146***	*168*

2021	At 1 Jan. 2021	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifi-cations	At 31 Dec. 2021
Future losses on long-term contracts and other contracts	**-**	-	-	-	-	-	-	-
Restructuring and withdrawal costs	**43**	-	-	13	(27)	(14)	9	24
Claims and litigation	**35**	-	-	5	(2)	(4)	3	37
Other contingencies	**264**	2	(20)	40	(25)	(14)	(21)	226
Total	**342**	**2**	**(20)**	**58**	**(54)**	**(32)**	**(9)**	**287**

2020	At 1 Jan. 2020	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifi-cations	At 31 Dec. 2020
Future losses on long-term contracts and other contracts	-	-	-	-	-	-	-	**-**
Restructuring and withdrawal costs	32	-	3	30	(13)	(6)	(3)	**43**
Claims and litigation	38	-	1	5	(1)	(4)	(3)	**35**
Other contingencies	224	(1)	12	30	(24)	(15)	38	**264**
Total	**294**	**(1)**	**16**	**65**	**(38)**	**(25)**	**32**	**342**

Provisions for claims and litigation cover risks identified at the end of the reporting period and are based on the estimated amount of potential losses for the Group.

Amounts shown under "Other contingencies" comprise items not directly attributable to the specific categories listed, and relating to generally small individual transactions carried on in the ordinary course of business and concerning all consolidated entities.

NOTE 28 DEBT

28.1 BREAKDOWN OF DEBT

The **Group's total debt** breaks down as follows:

	31 Dec. 2021	31 Dec. 2020
Bonds	**1,639**	1,293
Bank loans	**259**	307
Debt related to put options granted to minority shareholders	**45**	24
Medium-term notes (NEU MTN(*))	**5**	-
Other debt	**15**	19
Non-current debt excluding financial instruments designated as hedges of debt	**1,963**	1,643
Financial instruments designated as hedges of debt	**8**	-
Non-current debt	**1,971**	1,643
Bonds	**-**	-
Bank loans	**55**	158
Syndicated credit facility	**-**	300
Debt related to put options granted to minority shareholders	**1**	-
Medium-term notes (NEU MTN(*))	**-**	64
Commercial paper (NEU CP(**))	**338**	158
Other debt	**105**	113
Current debt excluding financial instruments designated as hedges of debt	**499**	793
Financial instruments designated as hedges of debt	**2**	-
Current debt	**501**	793
Total debt	**2,472**	2,436

(*) Negotiable Euro Medium-Term Notes.
(**) Negotiable European Commercial Paper.

The main movements in debt during 2021 were as follows:

- **On 8 December 2021, Lagardère repaid ahead of maturity the entire €465 million state-backed loan**. The Group had arranged with its main French and European banking partners a loan, 80% of which is guaranteed by the French State. The loan was validated by publication of the decision of the Ministry of the Economy, Finance and Recovery dated 31 December 2020 in France's official legal gazette (*Journal officiel*) of 3 January 2021. On 8 January 2021, the Group drew down the full amount of this loan. It bears variable-rate interest at six-month Euribor with a floor of 0% and includes a fixed rate in respect of the state guarantee. Its initial maturity was 12 months, with an option to extend for a further five years. This option could be exercised at the Company's discretion at the end of the initial one-year term.
- **In early January 2021, Lagardère also reimbursed the €300 million drawn down on its syndicated credit facility**. The revolving credit facility with banking partners was amended and extended, which involved:
  - adjusting the amount of the facility to €1.1 billion;
  - extending the term of a €1.0 billion tranche from May 2022 to March 2023;
  - redefining the covenants over this period to take account of the impacts of the

health crisis on all of the Lagardère group's businesses.

- **On 30 September 2021, Lagardère issued a €500 million, six-year bond** bearing interest at 1.75% per annum.
- **On 5 October 2021, €150 million of the proceeds** from the September 2021 bond issue were used **to reduce the nominal amount of the €500 million bond due in April 2023**.
- Continuation of the commercial paper programme with a ceiling of €850 million. Debt issuance under the programme represented €338 million at 31 December 2021 compared with €158 million at 31 December 2020.
- Continuation of the Negotiable European Medium Term Notes programme with a ceiling of €200 million. At 31 December 2021, €5 million worth of notes due beyond one year had been issued under this programme. At 31 December 2020, debt issuance under the programme represented €64 million due in less than one year.

Movements in **liabilities arising from financing activities** – which include the breakdown of movements in debt presented in the statement of cash flows – can be analysed as follows:

	31 Dec. 2020	Cash flows	Changes in scope of consolidation	Effect of changes in exchange rates	Changes in fair value	Other movements	31 Dec. 2021
Bonds	1,293	350	-	-	-	(4)	**1,639**
Bank loans	307	(147)	-	-	-	99	**259**
Medium-term notes (NEU MTN(*))	-	(59)	-	-	-	64	**5**
Other debt	19	(3)	-	1	-	(2)	**15**
Financial instruments designated as hedges of debt	-	-	-	-	23	(15)	**8**
Non-current liabilities arising from financing activities	**1,619**	**141**	**-**	**1**	**23**	**142**	**1,926**
Bonds	-	-	-	-	-	-	**-**
Bank loans	158	(4)	-	-	-	(99)	**55**
Syndicated credit facility	300	(300)	-	-	-	-	**-**
Commercial paper and debt securities (NEU MTN(*) and NEU CP(**))	222	180	-	-	-	(64)	**338**
Other debt	13	15	-	(2)	-	3	**29**
Financial instruments designated as hedges of debt	-	-	-	-	2	-	**2**
Current liabilities arising from financing activities	**693**	**(109)**	**-**	**(2)**	**2**	**(160)**	**424**
Total liabilities arising from financing activities(***)	**2,312**	**32**	**-**	**(1)**	**25**	**(18)**	**2,350**
Debt related to put options granted to minority shareholders	24	-	-	1	1	20	**46**
Short-term bank loans and overdrafts	82	(37)	-	16	-	(2)	**59**
Accrued interest	18	(12)	-	-	10	1	**17**
Total debt	**2,436**	**(17)**	**-**	**16**	**36**	**1**	**2,472**

(*) Negotiable Euro Medium-Term Notes.

(**) Negotiable European Commercial Paper.

(***) Net cash flows of total liabilities arising from financing activities for €32 million correspond to increases (€1,193 million) and decreases (€1,161 million) shown in the consolidated statement of cash flows.

Net debt breaks down as follows:

(in millions of euros)	31 Dec. 2021	31 Dec. 2020
Short-term investments and cash and cash equivalents	937	687
Financial instruments designated as hedges of debt with a positive fair value	-	16
Non-current debt(*)	(1,971)	(1,643)
Current debt(*)	(501)	(793)
Net debt	(1,535)	(1,733)

(*) At 31 December 2021, current and non-current debt included financial instruments designated as hedges of debt with a negative fair value, representing €2 million and €8 million, respectively.

28.2 ANALYSIS OF DEBT BY MATURITY

Debt can be analysed as follows by maturity at **31 December 2021**:

	2022(*)	2023	2024	2025	2026	Beyond 5 years	Total
Bonds	-	349	299	-	497	494	1,639
Bank loans	55	1	187	1	67	3	314
Financial instruments designated as hedges of debt	2	1	6	-	1	-	10
Debt related to put options granted to minority shareholders	1	1	-	5	2	37	46
Commercial paper(**)	338	5	-	-	-	-	343
Other debt	105	3	2	5	-	5	120
At 31 December 2021	501	360	494	11	567	539	2,472

(*) Debt due within one year is reported in the consolidated balance sheet under "Current debt".
(**) Commercial paper and medium-term notes.

Debt broke down as follows by maturity at **31 December 2020**:

	2021(*)	2022	2023	2024	2025	Beyond 5 years	Total
Bonds	-	-	498	298	-	497	1,293
Bank loans	158	49	1	187	1	69	465
Financial instruments designated as hedges of debt	-	-	-	-	-	-	-
Syndicated credit facility	300	-	-	-	-	-	300
Debt related to put options granted to minority shareholders	-	1	-	2	-	21	24
Commercial paper(**)	222	-	-	-	-	-	222
Other debt	113	8	2	2	2	5	132
At 31 December 2020	793	58	501	489	3	592	2,436

(*) Debt due within one year is reported in the consolidated balance sheet under "Current debt".
(**) Commercial paper and medium-term notes.

28.3 CHARACTERISTICS OF BONDS AND MAIN BANK LOANS

The following tables provide an analysis of bonds and bank loans:

31 Dec. 2021	Carrying amount	Value of hedging instruments(*)	Total	Effective interest rate(**)
13 April 2016 seven-year bond issue for €500 million, of which €150 million was redeemed in October 2021	349	1	**350**	2.90%
21 June 2017 seven-year bond issue, for €300 million	299	6	**305**	1.81%
16 October 2019 seven-year bond issue, for €500 million	497	1	**498**	2.26%
7 October 2021 six-year bond issue, for €500 million	494		**494**	1.96%
Bonds	**1,639**	**8**	**1,647**	
Other debt	314	-	**314**	
Bank loans	**314**	**-**	**314**	
Total	**1,953**	**8**	**1,961**	

(*) Fair value of derivative instruments designated as hedges of debt.
(**) The effective interest rate on bonds includes the amortisation of the bond issue costs.

31 December 2020	Carrying amount	Value of hedging instruments(*)	Total	Effective interest rate(**)
13 April 2016 seven-year bond issue, for €500 million	498	(9)	**489**	2.90%
21 June 2017 seven-year bond issue, for €300 million	298	(2)	**296**	1.81%
16 October 2019 seven-year bond issue, for €500 million	497	(5)	**492**	2.26%
Bonds	**1,293**	**(16)**	**1,277**	
Syndicated credit facility	300	-	**300**	
Other debt	465	-	**465**	
Bank loans	**765**	**-**	**765**	
Total	**2,058**	**(16)**	**2,042**	

(*) Fair value of derivative instruments designated as hedges of debt.
(**) The effective interest rate on bonds includes the amortisation of the bond issue costs.

28.4 ANALYSIS OF DEBT BY CURRENCY

The following table provides a breakdown of current- and non-current debt by currency before and after hedging:

	Before hedging		After hedging	
31 Dec. 2021		%		%
Eurozone	2,389	96.7	1,688	68.2
US dollar	6	0.2	485	19.6
Canadian dollar	2	0.1	89	3.6
Chinese yuan	53	2.1	55	2.2
Hong Kong dollar	-	0.0	44	1.8
Australian dollar	-	0.0	41	1.7
Pound sterling	-	0.0	9	0.4
Other	22	0.9	61	2.5
Total	**2,472**	**100.0**	**2,472**	**100.0**

NOTE 29 EXPOSURE TO MARKET RISKS (LIQUIDITY, INTEREST RATE, EXCHANGE RATE AND EQUITY RISKS) AND CREDIT RISKS

29.1 MARKET RISKS

29.1.1 EXPOSURE

Liquidity risks

The Group's liquidity risk is controlled as it has a cash to debt ratio of 238.2% (calculated by dividing its available liquidity reserves – i.e., cash and cash equivalents, short-term investments and confirmed undrawn credit lines – by gross debt maturing in less than two years). Gross debt maturing within two years amounts to €861 million, while total liquidity reserves represent €2,051 million (€937 million in cash and cash equivalents and short-term investments and €1,114 million in confirmed undrawn credit lines, of which €1,102 million in respect of the syndicated credit line).

The liquidity reserve relates mainly to the syndicated credit facility contracted in May 2015 for €1,250 million. On 18 December 2020, the Group signed an agreement to amend and extend its syndicated credit facility (effective from 8 January 2021), which provides it with access to a total of €1,102 million up to 11 May 2022 and then €1,002 million up to 31 March 2023.

At 31 December 2021, no amounts had been drawn on the entire available reserve of €1,102 million.

The amendment to the syndicated credit facility also includes a loan for €465 million, 80% of which is guaranteed by the French state. The Group drew down the full amount of this loan on 8 January 2021, which it repaid on 8 December 2021.

The fair value of any derivatives hedging debt is included in the calculation of net debt. (see note 28.3).

The proportion of bonds redeemable at maturity represented 66% of total gross debt at 31 December 2021 (53% of total gross debt at end-2020). An amount of €350 million falls due in 2023, €300 million in 2024, and €500 million in 2026 and again in 2027.

Risks arising from the application of default clauses on covenants

The €1,250 million syndicated credit agreement entered into in May 2015 and maturing in May 2022, contains a covenant relating to the ratio of net debt to adjusted EBITDA.

Net debt is defined in note 3.2 and is calculated as set out in note 29.

Adjusted EBITDA is defined as recurring operating profit of fully consolidated companies and discontinued operations (recurring EBIT), less depreciation, amortisation and impairment of property, plant and equipment and intangible assets, amortisation of signing fees, depreciation of right-of-use assets under building leases, cancellation of the fixed lease expense relating to buildings and other leases, plus dividends received from equity-accounted companies.

Since 1 January 2019, date of the first-time application of IFRS 16, recurring operating profit of fully consolidated companies (see definition in note 3.2) excludes the impact of this standard on concession agreements only. Since lease liabilities are not considered to be borrowings, they are not included in the calculation of net debt. The syndicate behind the €1,250 million facility accepted the adjustment to the covenant in June 2019.

Breaching this ratio would entitle the lenders to demand early repayment of the loans granted.

The ratio is calculated every six months over a rolling 12-month period, on the basis of the published consolidated financial statements.

On 31 December 2020, the ratio stipulated by the covenant was suspended by the banks in the context of Covid-19.

Following the signature of the agreement to amend and extend the syndicated credit facility and secure a state-backed loan on 18 December 2020 (effective 8 January 2021), this ratio will be applicable at 31 December 2022 at a threshold of 4.5.

A liquidity indicator applies for the period March 2021 to September 2022, calculated each quarter based on the amount of cash and cash equivalents and the undrawn portion of the syndicated credit facility. The specified threshold increases from €750 million to €1,000 million as from December 2021.

The amendment to the syndicated credit agreement and the state-backed loan also stipulate that (i) Lagardère SA shall not pay any dividends in 2020 in respect of 2019 or in 2021 in respect of 2020, (ii) the maximum dividend that may be paid in 2022 in respect of 2021 is €0.50 per share, on condition that net debt is less than €2,000 million, (iii) the maximum dividend that may be paid in 2023 in respect of 2022 is €1.30 per share, and (iv) the maximum dividend that may be paid from 2024 onwards is €1.30 per share, with the possibility of an increase in this amount depending on the level of the leverage ratio. There is also a limit of €5 million per annum on share buybacks carried out outside the scope of the liquidity agreement for as long as the leverage ratio remains above 3.5x.

Interest rate risks

Fixed-interest bonds account for 66% of total gross debt.

The €349 million worth of bonds issued in 2016 and maturing in 2023 bear interest at a fixed rate (effective interest rate of 2.90%). The €299 million worth of bonds issued in 2017 and maturing in 2024 also bear interest at a fixed rate (effective interest rate of 1.81%). The €497 million worth of bonds issued in 2019 and maturing in 2026 also bear interest at a fixed rate (effective interest rate of 2.26%). The €494 million worth of bonds issued in 2021 and maturing in 2027 also bear interest at a fixed rate (effective interest rate of 1.96%).

The Group regularly issues commercial paper and medium-term notes with maturities of between 1 and 24 months, the frequency and maturities of which adjust the reference rates applied. In addition, the rate applied to the portfolio as a whole varies throughout the year. The Group's other bank debt is mainly at variable interest rates.

Cash and cash equivalents totalled €937 million at 31 December 2021. Variable-rate debt stood at €747 million at 31 December 2021 (excluding, in particular, liabilities related to put options granted to minority shareholders and deposits and guarantees received). Based on the amounts indicated above, at 31 December 2021 a sudden rise in interest rates would have a limited impact on the Group's net finance costs.

At 31 December 2021, the Group did not hold any interest rate derivatives altering the breakdown of fixed- and variable-rate debt.

The Group's pensions and other post-employment benefit obligations are sensitive to changes in interest rates, as are the corresponding plan assets invested in bonds and money market instruments, although inversely so. The outstanding amounts of these obligations and assets are set out in note 27.1.

Exchange rate risks

At 31 December 2021, the foreign currency hedges set up for all of the Group's divisions – in the form of direct forward agreements – amounted to €80 million (sales) and €106 million (purchases).

The Group does not hedge the income statement translation risk. Its main exposures in this respect are given below.

The percentage of 2021 consolidated revenue represented by the main currencies can be analysed as shown below (revenue reported by entities in the official currency of the country in which they are based):

Euro	42%
US dollar	26%
Pound sterling	13%
Other	19%
Total	100%

Based on accounting data for 2021, the sensitivity of recurring operating profit of fully consolidated companies to a 10% decline in the respective exchange rates for the main foreign currencies against the euro over a full year, expressed in monetary terms before any adjustments, is as follows:

Currency	Impact on 2021
US dollar(*)	€(17)m
Pound sterling(**)	€(8)m

(*) Recurring operating profit of fully consolidated companies whose functional currency is the US dollar.

(**) Recurring operating profit of fully consolidated companies whose functional currency is the pound sterling.

In general, ordinary business operations are financed through short-term, variable-rate borrowings denominated in the local currency in order to avoid exchange rate risks. These represented €296 million at 31 December 2021.

For long-term investments including acquisitions, the Group may set up medium-term borrowings in the investment currency. At 31 December 2021, instruments classified as net investment hedges represented an amount of €427 million, denominated mainly in US dollars.

Equity risks

The Group's principal direct and indirect investments in listed companies are:

Equities	Number of shares held	Percent shareholding	Share price at 31 Dec. 2021	Market capitalisation at 31 Dec. 2021
Lagardère SA	1,159,503	0.82%	24.38	€28,268,683
Pension plan assets invested in equities				€15,294,525

Treasury shares are initially recognised at cost and are deducted from consolidated equity. Subsequent changes in value have no impact on the consolidated financial statements.

The fair value of pension plan assets totalled €305 million at 31 December 2021, of which 5%, or €15 million, is invested in equities (see note 27.1).

29.1.2 MARKET RISK MANAGEMENT

The Group has implemented a policy aimed at reducing market risks by applying procedures that help identify and quantify these risks. Derivatives are used exclusively for non-speculative hedging transactions.

The derivatives portfolio can be analysed as follows:

Category of hedging instrument	Type of hedge	Nominal amount		Fair value		Other comprehensive income	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	2021	2020
Cross-currency swaps designated as hedges of debt(*)	Net investment	380	350	(8)	16	(24)	24
Currency swaps designated as hedges of debt(*)	Fair value	697	537	(2)	-	-	-
Operating currency hedges (forward purchases and sales)	Cash flows and fair value	186	130	1	(2)	2	-
	Total	1,263	1,017	(9)	14	(22)	24

(*) The change in the fair value of financial instruments designated as hedges of debt represented a negative €26 million at 31 December 2021 (of which a negative €24 million relating to cross-currency swaps), recognised in other comprehensive income.

Details of the cross-currency swaps hedging debt at 31 December 2021 are as follows:

Nominal amounts represent USD 430 million, with maturities at April 2023, June 2024 and June 2026. At 31 December 2020, these contracts represented USD 430 million and had the same maturities.

The maturities of the cross-currency swaps are aligned with those of the underlying bonds and German law *Schuldscheindarlehen* private placement. From an economic standpoint, the derivatives enable the Group to convert fixed-rate euro-denominated bonds into fixed-rate US dollar-denominated debt.

The maturity of other derivatives is within one year.

Interest rate risks

The Group does not use daily active interest rate management techniques in relation to any of its financial assets or liabilities.

Cash investments are made in fixed-income instruments selected for their high-quality issuer entities and with maturities appropriate to the planned duration of the investments. Speculative or high-risk investments are not permitted.

There are no derivatives related to these investments.

29.2 CREDIT AND COUNTERPARTY RISKS

Credit and counterparty risk represents the risk of financial loss for the Group in the event of default by a customer or debtor on its contractual obligations. This risk mainly relates to trade receivables.

29.2.1 EXPOSURE

The Group's exposure to credit and counterparty risk arises principally from:

- customer receivables and commitments received in connection with commercial contracts;
- investments made to deposit surplus cash and/or to cover pension and other post-employment benefit obligations;
- hedging contracts in which the counterparties are financial institutions.

Total customer receivables represented €1,023 million at 31 December 2021. The counterparties for the most significant customer receivables are distributors of Group products. Both in and outside France, receivables generally concern local customers and no single customer represents a high percentage of the sales concerned.

The proportions of consolidated revenue deriving from business with the Group's largest, five largest and ten largest customers were as follows:

(%)	2021	2020
Largest customer	**8.7**	11.1
Five largest customers	**14.8**	18.4
Ten largest customers	**19.1**	23.3

The Group's short-term investments and cash and cash equivalents totalled €937 million at 31 December 2021. In addition to bank account balances, the majority of these resources are invested in instruments with leading lenders.

Assets managed in connection with post-employment benefits amounted to €305 million (including €280 million in the United Kingdom). A total of 37% of these assets are invested in bonds.

Hedging contracts are primarily entered into to hedge foreign exchange risks. Their notional amount was €1,262 million at 31 December 2021. The economic risk associated with these contracts depends on currency and interest rate fluctuations, and only represents a fraction of this notional amount. The counterparties in these contracts are leading banks.

The Group's counterparties are exposed to risks associated with the general economic environment, and as a result the possibility of default cannot be ruled out.

29.2.2 CREDIT AND COUNTERPARTY RISK MANAGEMENT

Each division is responsible for managing its own credit risk in a decentralised way, as appropriate to the specificities of its market and customer base.

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.

In newly-consolidated activities, measures are taken to progressively introduce monitoring procedures that are appropriate for the types of credit risk faced by the entity concerned.

The Group has set up periodic reporting on counterparty risks to monitor its overall risk exposure to its principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures put in place for managing this type of risk. The Financial Risk Committee periodically reviews these reports.

The Treasury and Financing Department is responsible for ensuring that the financial institutions with which the Group does business are of good quality.

NOTE 30 FINANCIAL INSTRUMENTS

30.1 CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value consist of the following derivative instruments:

	31 Dec. 2021	31 Dec. 2020
Derivative financial instruments with a positive fair value – Assets	**2**	17
- Financial instruments designated as hedges of debt	**-**	16
- Currency swaps (effective portion)	**2**	1
Derivative financial instruments with a negative fair value – Liabilities	**(12)**	(3)
- Financial instruments designated as hedges of debt	**(10)**	-
- Currency swaps (effective portion)	**(2)**	(3)
Total (net)	**(10)**	14

30.2 FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

	31 Dec. 2021		Breakdown by category of instrument[1]				
	Carrying amount	Fair value	Amortised cost	Fair value through other comprehensive income subsequently reclassified to profit or loss	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments
Investments in non-consolidated companies	44	44			44		
Other non-current financial assets	144	144	144				
Trade receivables	1,023	1,023	1,023				
Derivative financial instruments	2	2					2
Other current financial assets	685	685	685				
Short-term investments	-	-			-		
Cash equivalents	95	95				95	
Cash and cash equivalents	842	842	842				
Assets	**2,835**	**2,835**	**2,694**		**44**	**95**	**2**
Bonds and bank loans	1,953	2,018		1,953			
Other debt	509	509		509			
Other non-current financial liabilities	39	39	39				
Trade payables	1,298	1,298	1,298				
Derivative financial instruments	12	12					12
Other current financial liabilities	1,272	1,272	1,272				
Liabilities	**5,083**	**5,148**	**2,609**	**2,462**			**12**

(1) There were no reclassifications between categories of financial instruments in 2021.

	31 Dec. 2020		Breakdown by category of instrument[1]				
	Carrying amount	Fair value	Amortised cost	Fair value through other comprehensive income subsequently reclassified to profit or loss	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments
Investments in non-consolidated companies	43	43			43		
Other non-current financial assets	154	154	154				
Trade receivables	1,050	1,050	1,050				
Derivative financial instruments	17	17					17
Other current financial assets	674	674	674				
Short-term investments	-	-			-		
Cash equivalents	10	10				10	
Cash and cash equivalents	677	677	677				
Assets	**2,625**	**2,625**	**2,555**		**43**	**10**	**17**
Bonds and bank loans	2,058	2,035		2,058			
Other debt	378	378		378			
Other non-current financial liabilities	31	31	31				
Trade payables	1,042	1,042	1,042				
Derivative financial instruments	3	3					3
Other current financial liabilities	1,192	1,192	1,192				
Liabilities	**4,704**	**4,681**	**2,265**	**2,436**			**3**

(1) There were no reclassifications between categories of financial instruments in 2020.

30.3 FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

The revised version of IFRS 7 – Financial Instruments – Disclosures, sets out the methods to be used in determining fair value by reference to a fair value hierarchy which has the following levels:

Level 1: Instrument listed in an active market.

Level 2: Instrument valued using techniques based on observable market data.

Level 3: Instrument valued using techniques based on unobservable data.

In addition, certain investments are carried at acquisition cost if the Group does not have sufficiently reliable information for valuation, particularly when there is no active market for an instrument (see note 3.14 above).

Lagardère's financial instruments are classified as follows under this hierarchy:

	Category of instrument[(1)]			Fair value hierarchy[(2)]			
31 Dec. 2021	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments	Level 1	Level 2	Level 3	Acquisition cost
Investments in non-consolidated companies	44						44
- FCPI Idinvest Digital	*11*						*11*
- Other	*33*						*33*
Derivative financial instruments with a positive fair value			2		2		
Short-term investments	-			-			
- Shares	-			-			
- Bonds	-			-			
Cash equivalents		95		95			
- Marketable securities		*95*		*95*			
Total financial instruments with a positive fair value	**44**	**95**	**2**	**95**	**2**		**44**
Derivative financial instruments with a negative fair value			12		12		
Total financial instruments with a negative fair value			**12**		**12**		

(1) There were no reclassifications between categories of financial instruments in 2021.
(2) There were no reclassifications between fair value hierarchy levels in 2021.

31 December 2020	Category of instrument[1]			Fair value hierarchy[2]			
	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments	Level 1	Level 2	Level 3	Acquisition cost
Investments in non-consolidated companies	43						43
- FCPI Idinvest Digital	*11*						*11*
- Other	*32*						*32*
Derivative financial instruments with a positive fair value			17		17		
Short-term investments	-			-			
- Shares	-			-			
- Bonds	-			-			
Cash equivalents		10		10			
- Marketable securities		*10*		*10*			
Total financial instruments with a positive fair value	**43**	**10**	**17**	**10**	**17**		**43**
Derivative financial instruments with a negative fair value			3		3		
Total financial instruments with a negative fair value			**3**		**3**		

(1) There were no reclassifications between categories of financial instruments in 2020.
(2) There were no reclassifications between fair value hierarchy levels in 2020.

NOTE 31 OTHER LIABILITIES

Other liabilities break down as follows:

	31 Dec. 2021	31 Dec. 2020
Due to suppliers of non-current assets	**20**	16
Total contract liabilities	**14**	14
Other liabilities	**18**	15
Other non-current liabilities	**52**	45
Accrued taxes and payroll costs	**385**	330
Refund liabilities	**345**	308
Due to authors	**290**	288
Total contract liabilities	**3**	4
Due to customers	**99**	96
Deferred income	**52**	48
Advances and prepayments	**8**	25
Derivative financial instruments(*)	**2**	3
Sundry payables	**90**	96
Other current liabilities	**1,274**	1,198
Total other liabilities	**1,326**	1,243

(*) See note 30.1.

Refund liabilities – sales with a right of return

As part of its business of selling publications, Lagardère Publishing grants a right of return to distributors for unsold products. The estimated amount of these returns is recognised as a deduction from revenue and represents a refund liability. This estimate is calculated on a statistical basis using the actual rate of returns for the previous year, adjusted for fluctuations in sales volumes and changes in the operating environment during the current year.

At 31 December 2021, the estimated amount of returns recognised within refund liabilities was €345 million, versus €308 million at 31 December 2020.

NOTE 32 CONTRACTUAL OBLIGATIONS

The table below **summarises Lagardère's contractual obligations**. Future payments other than payments related to financial liabilities are reported at non-discounted nominal value.

	Payments expected			Total	
	Within 1 year	1 to 5 years	Beyond 5 years	31 Dec. 2021	31 Dec. 2020
Bonds, bank loans and syndicated credit facilities (net of derivatives)	57	1,409	497	**1,963**	2,042
Other debt	444	23	42	**509**	378
Other non-current financial liabilities	9	19	11	**39**	31
Trade payables	1,283	15	-	**1,298**	1,042
Currency swaps	4	8	-	**12**	3
Other current financial liabilities	1,266	2	-	**1,268**	1,192
Total financial liabilities	**3,063**	**1,476**	**550**	**5,089**	**4,688**
Expected bank interest on debt(*)	50	113	9	**172**	133
Commitments for future capital expenditure	2	8	-	**10**	-
Total contractual obligations excluding lease liabilities	**3,115**	**1,597**	**559**	**5,271**	**4,821**

(*) Variable-rate interest payable has been calculated based on the rates in force at 31 December 2021. It is reported excluding accrued interest already included in debt in the balance sheet.

The lease liability repayment schedule is presented separately in note 18.

Guaranteed minimum payments and sports rights marketing contracts

There are no longer any commitments or significant guaranteed minimum payments.

Lagardère Travel Retail

In accordance with IFRS 16, minimum guaranteed payments under concession agreements give rise to the recognition of a right-of-use asset and lease liability in the balance sheet.

NOTE 33 OFF-BALANCE SHEET COMMITMENTS

The information below relates to subsidiaries controlled and fully consolidated by Lagardère.

	31 Dec. 2021	31 Dec. 2020
Commitments given in the normal course of business		
Guarantees and performance bonds	**409**	370
Guarantees given to third parties and non-consolidated companies	**116**	28
Other commitments given	**19**	17
Commitments on assets	**1**	1
Commitments to purchase shares (estimated amount, excluding put options granted to minority shareholders of fully consolidated subsidiaries)	**4**	-
Commitments received		
Counter-guarantees of commitments given	**-**	-
Other commitments received	**5**	6
Confirmed, unused lines of credit	**1,114**	955
Of which unused lines on the syndicated credit facility	**1,102**	950

NOTE 34 LITIGATION

In the normal course of its business, the Group is involved in a number of disputes. The main disputes currently in progress are described below. Where necessary, the Group sets aside adequate provisions to cover risks arising from both general and specific disputes. The total amount of these provisions is set out in note 27.2.

Investigation by the Swiss Competition Commission

Following the rejection – by way of a referendum on 11 March 2012 – of measures to introduce a single price for books in Switzerland, the Swiss Competition Commission (Comco) reopened an investigation into imports of French-language books by distributors.

Subsequent to the investigation procedure, Comco made a final decision on 27 May 2013 under which Diffulivre (Lagardère Publishing division) was held liable for territorial exclusivity with the intention or effect of partitioning the Swiss market (one of the three original charges).

This decision was upheld by the Federal Administrative Court on 30 October 2019.

On 13 January 2020, Diffulivre filed an appeal with the Federal Court, which suspended the effects of the ruling pending the Court's forthcoming decree.

Competition investigations in the school textbook market in Spain

Following a complaint filed by a publisher, the Spanish competition authority (CNMC) carried out searches at the premises of the ANELE (the school textbook publishers' trade association) and three publishers (including Anaya, a subsidiary of Hachette Livre), and subsequently launched a sanction procedure in October 2017.

On 30 May 2019, the CNMC issued its ruling which followed the recommendation of its investigating officers, and ordered Anaya and a number of its subsidiaries to pay total damages of approximately €8 million for:

- discussions held between publishers – with a view to promoting ethical behaviour and ensuring buyers' independence – about providing for a special clause in an ANELE Code of Conduct that limits the bonuses and gifts offered by publishers to buyers' organisations when those organisations order textbooks; and
- discussions between publishers about the terms and conditions for selling digital versions of textbooks when negotiations are carried out with certain regions.

Anaya has filed an appeal against this decision with the Spanish national court (*Audiencia Nacional*), which had the effect of suspending payment of the fine.

Class action against Hachette Book Group

In 2021 in the United States, class action suits were brought against Amazon and certain e-book publishers, including Hachette Book Group. The suits allege a breach of US anti-trust law, specifically in relation to price fixing by Amazon, and exchanges of sensitive information among the publishers. Hachette Book Group disputes these allegations along with the admissibility of the class action.

Tax reassessments at Lagardère Duty Free and LS Travel Retail Italia

Lagardère Duty Free and LS Travel Retail Italia jointly received a tax reassessment notice in December 2015 relating to registration duties for an amount of €7.6 million, including late-payment interest, relating to the reclassification of the sale of an investment between the two parties as a sale of business assets (*fonds de commerce*). This amount had to be paid since there was no possibility of delaying payment without incurring a fine. The reclassification does not appear to have any legal basis. It was appealed before the courts, which handed down contradictory decisions in the first instance. All appeal decisions were handed down in favour of the Company in 2017 and 2018, and in March 2020 LS Travel Retail Italia obtained a refund of the €7.6 million paid. The tax authorities have filed an appeal with the Supreme Court against these decisions.

In December 2019, LS Travel Retail Italia received a "Report of Verification" (tax reassessment notice) relating to fiscal year 2016. The notice disputes the tax deductibility of notional interest on equity at the time of the €230 million capital increase carried out upon the acquisition of the company. The tax inspection has been extended to cover fiscal years 2014 to 2018. The total amount in dispute for the five years is estimated at €18.6 million, including taxes and penalties. The Group considers it has solid arguments in its defence and will challenge the reassessment.

Monla/Lagardère Travel Retail & Chalhoub arbitration

Between end-2016 and early 2017, Lagardère Travel Retail ("LTR"), Monla Group SAL Holding ("Monla") and Chalhoub Group Limited ("Chalhoub") began talks regarding a potential joint response to a request for proposals for a Duty Free concession at Beirut airport.

On 10 May 2017, Monla had filed an arbitration claim against LTR and Chalhoub with the International Chamber of Commerce, asserting wrongful behaviour in the conduct and suspension of their three-party discussions. Monla was seeking damages (plus miscellaneous expenses) from the respondents for the alleged harm caused, in particular to its image, and for loss of opportunity. The decision handed down by the arbitration tribunal at the end of December 2019 dismissed all of Monla's claims and ordered it to repay the costs incurred by LTR and Chalhoub in the arbitration. LTR has initiated proceedings to enforce the decision, which Monla is trying to resist. Monla may submit an action for annulment of the decision, subject to the applicable legal deadlines.

Call on the vendor warranty granted in connection with the sale of distribution businesses in Belgium to the bpost group

Lagardère Travel Retail ("LTR") granted a vendor warranty in connection with the sale of the integrated distribution and retail subsidiaries to bpost in November 2016. Although the bpost group had sought to enforce the warranty on several occasions, LTR systematically considered its specific demands to be both inadmissible and unfounded and had responded to bpost to this effect. Bpost launched arbitration proceedings before the International Chamber of Commerce on 27 March 2019. On 23 November 2021, LTR and bpost signed a settlement agreement that terminated the dispute between the parties, resulting in their withdrawal from the arbitration proceedings.

Class action against The Paradies Shops

The Paradies Shops was the victim of a cyberattack on the company's computer servers in October 2020, which resulted in a breach of the personal data of tens of thousands of employees and customers. The parties concerned were informed and were offered credit monitoring services. One of the individuals involved was behind the class action filed in the US in July 2021. The Paradies Shops is challenging the admissibility of this action.

Litigation with photographers

Disputes are in process with freelance and salaried photographers who contributed to magazines published by the Group. Most of these disputes concern returns of analogue photographic archives and retaining photographs, as well as the resulting operating losses. The proceedings are still ongoing and are progressing in a manner generally favourable to the Group; the related financial claims still seem excessive however.

Dispute with former employees of Matra Manufacturing & Services (formerly Matra Automobile)

Following the closure of automotive production and the redundancy plans set up in 2002 and 2003 at Matra Manufacturing & Services (MMS), former employees brought a claim before the Blois employment tribunal (*Conseil des Prud'hommes*) against the company for dismissal without valid and sufficient cause on the grounds that it had failed to fulfil its obligation to redeploy the employees within or outside the company.

The Bourges Court of Appeal, ruling on referral, ordered MMS to pay a total of €4.8 million in damages to employees (excluding expenses) in 2020 and 2021. These decisions are final and have put an end to the dispute.

Legal proceedings against Amber Capital

On 27 April 2021, Lagardère and Amber Capital signed a settlement agreement terminating all legal disputes between them and introducing obligations for both parties to commit to engaging mutually and without disparagement in constructive dialogue. The signing of the settlement agreement gives rise to no financial obligations for Lagardère.

Disputes that continue to be managed by the Group following the sale of press operations to the CMI group and of the Sports division to H.I.G. Share capital

▪ Commercial disputes resulting from the shutdown of LA Webco

On account of a vendor's warranty granted to the CMI group in connection with the sale to CMI of press operations, the Group remains bound by the outcome of certain disputes relating to the 2013 shutdown of LA Webco, a former Lagardère Active subsidiary responsible for operating the Elle and BE e-commerce businesses (now Shopwebco). In one of these disputes, the Paris Court of Appeal handed down a ruling on 3 July 2020 ordering the Group to pay €2.7 million in damages to a former supplier of logistics services. Shopwebco, which appealed the decision, withdrew from the proceedings in December 2021. In another dispute between Shopwebco and an e-commerce solutions provider, a settlement agreement was signed on 1 December 2021 terminating the court proceedings and, more broadly, the dispute between the parties.

▪ WSG India and WSG Mauritius/Indian Premier League contracts

In 2007, the BCCI (Board of Control for Cricket in India) launched a call for tenders for the worldwide rights to its new cricket competition, the Indian Premier League (IPL), until 2017. WSG India – which became a subsidiary of Lagardère Sports and Entertainment in May 2008 – was awarded most of these rights in early 2008, with the remainder awarded to an unrelated operator, MSM.

A global reorganisation of the distribution of these rights took place in March 2009 at the initiative of the BCCI. In the context of the negotiations, the BCCI granted to WSG India the IPL rights worldwide, excluding the Indian subcontinent, for the period from 2009 to 2017.

In June 2010, the BCCI terminated the 2009/2017 contract to market IPL rights worldwide, excluding the Indian subcontinent, and WSG India immediately began proceedings in order to preserve its rights.

In spring 2011, the Indian Supreme Court took a series of interim measures that — without calling into question the marketing already carried out by WSG India and without prejudging the substance of the case — temporarily granted the BCCI, under the supervision of the Court and pending the final ruling, media rights to the IPL outside the Indian subcontinent that are not already marketed by WSG India, as well as recovery of the amounts owed by the broadcasters and held in escrow. An arbitration award was handed down on 13 July 2020 in respect of the proceedings on the merits of the case, dismissing WSG India's compensation claim. Based on this award, the BCCI recovered the amounts held in escrow. WSG India has filed an appeal for annulment of the award on the grounds that it has no legal basis, and has applied to the competent Indian courts to have the sums concerned taken back into escrow.

On 13 October 2010, the BCCI filed a criminal complaint with the Chennai police authorities in India against seven individuals, including the former President of the IPL and four managers of WSG India, alleging breaches of the Indian criminal code in connection with the attribution to WSG India in March 2009 of certain IPL media rights for the 2009-2017 seasons. The investigation has not progressed since 2010.

After the Indian tax authorities' audit of WSG India's operations, the company was issued with tax reassessment notices representing an overall liability of around €12.9 million at 31 December 2021. WSG India has paid a deposit for part of the amount and launched an appeal.

Lastly, as part of an investigation by the Indian authorities into money-laundering allegations concerning the former managers of the BCCI and its commercial partners in the IPL, on 24 May 2016 WSG Mauritius received a notification from Mauritius' Attorney General requesting it to provide certain documents. The hearings before the Attorney General took place in July 2016. WSG India's managers have since received requests for information and documentation, to which WSG India has responded.

WSG India and WSG Mauritius are subsidiaries of Lagardère Participation. They are not part of the scope sold to H.I.G. Capital.

- **Competition proceedings in Africa concerning the commercialisation of the rights of the Confederation of African Football**

On 3 January 2017, the Egyptian Competition Authority (ECA) issued a decision against the Confederation of African Football (CAF) in which it alleged that the CAF was abusing its dominant position concerning the commercialisation of its media rights in Egypt through its agency agreement, in force until 2028, with Lagardère Sports (now Sportfive). This decision contained a number of injunctions, including the cancellation of the agency agreement for the Egyptian market. The case was subsequently referred to the Cairo Economic Court on the grounds of alleged anti-competitive behaviour by CAF's former Chairman and its Secretary General.

Meanwhile, in February 2017, the CCC (the Competition Commission entrusted with merger regulation in COMESA – the Common Market of Eastern and Southern Africa) opened an investigation into the commercialisation of the media and marketing rights for the CAF's tournaments, notably covering the above-mentioned agency agreement and the other contracts entered into between the CAF and its various partners (three broadcasters and two sponsors) through Sportfive. Sportfive received notification from the CCC on 16 April 2019, conferring on it the status of respondent in the Commission's investigations. The investigating officers' report and the parties' replies have been submitted to a CCC committee which will take a decision only after a hearing. This decision may be appealed.

- **Arbitration proceedings between Sportfive and the CAF**

In the aforementioned context, on 28 October 2019 the CAF notified Sportfive that it considered its agency contract with Sportfive to be terminated. Sportfive strongly contests this decision, which, in its view, is unreasonable and has no legal basis. On 6 December 2019, Sportfive therefore initiated arbitration proceedings in which it is seeking damages for the harm caused. The CAF made several counterclaims in its Statement of Defence and Counterclaims dated 31 March 2021. Sportfive considers these claims to be unfounded and has strong arguments to make against each of them.

In accordance with the agreements with H.I.G. Capital, Lagardère is managing this litigation on behalf of Sportfive, the economic benefits and costs of which are respectively attributable to and borne by the Group.

Tax authorities and Lagardère

A number of the Group's companies have received tax reassessment notices – relating to several different fiscal years – as part of the routine tax audits carried out by the French and foreign tax authorities. Provision has been made to take account of the reassessments accepted by the companies, and also for the amount estimated as the risk corresponding to disputes over challenged reassessments. Other than those described above, the Group is not aware of any dispute in process that concerns amounts which could have a significant impact on the consolidated financial statements.

NOTE 35 RELATED PARTIES

35.1 MANAGEMENT REMUNERATION

The total gross remuneration awarded to the members of Lagardère SA's Executive Committee for 2021 amounted to €14 million, and €21.63 million including related charges. The figure with charges includes a provision recorded for the supplementary pension plan. For 2021, these amounts include in particular (i) the provision accrued for variable and extraordinary remuneration, the payment of which – in the case of executive corporate officers – is conditional on the approval of shareholders at the 2022 General Meeting in accordance with "say on pay" legislation, as well as (ii) for the second figure, accrued holiday pay and termination benefits paid to a member of the Executive Committee in connection with his retirement in 2021. In 2020, these amounts were €8.98 million and €17.6 million, respectively, with the latter notably including a provision for termination benefits, including related charges, in connection with the departure of an Executive Committee member. Note that the Executive Committee was expanded in 2021.

In 2021, an amount of €22,319 was awarded to Arnaud Lagardère in respect of his role as Chairman of the Board of Directors of Lagardère SA. No other attendance fees were awarded by any Group entity to any of the other individuals concerned. Executive Committee members were awarded 139,000 free shares in 2021. In 2020, none of the beneficiaries received any attendance fees and no free shares were awarded to them.

35.2 RELATED-PARTY TRANSACTIONS

Service agreement

Lagardère Management – which is controlled and chaired by Arnaud Lagardère, who is also Chairman and Chief Executive Officer of Lagardère SA, provides an array of management resources and skills to the Group.

To fulfil this role, Lagardère Management employs the majority of the members of the Executive Committee, whose role is to assist General Management in their duties, i.e., to determine the Group's strategy and lead its development, and to take the resulting necessary management decisions and implement them globally at parent company level and in the Group's different business activities. Lagardère Management bears the entire cost of its senior managers' salaries and the related overheads as well as the fees billed by any French and/or international consultants that they may work with.

Lagardère Management carries out its mission within the framework of a service agreement with Lagardère Ressources, which is responsible for managing all of the Group's corporate resources. After examination by the Audit Committee, this agreement was approved by the Supervisory Board on 12 March 2004. Since the inception of the agreement, the work performed has been described each year in the Statutory Auditors' report on related party agreements and commitments, in accordance with the requirements of articles L. 225-38 *et seq.* of the French Commercial Code.

Since 2004, under the service agreement, remuneration has equalled the amount of expenses incurred in carrying out its mission, plus a margin of 10%, capped in absolute value terms at €1 million. These expenses are examined each fiscal year by the Audit Committee, which issues an opinion on their changes and developments before submitting them to the Board of Directors.

The maximum fees due under the service agreement for 2021 total €24.74 million (€16.66 million for 2020). This amount includes a maximum provision accrued for variable and extraordinary remuneration payable to members of the Executive Committee. As it concerns remuneration payable to the executive corporate officers, payment of this variable remuneration plus, where applicable, its inclusion in the basis for calculating the fees to be invoiced under the service agreement, will be submitted to the 2022 General Meeting for approval.

Other transactions

Two related-party agreements were entered into by Lagardère SA in 2021: a Settlement Agreement with Amber Capital on 27 April 2021 and a Clean Team, Confidentiality and Cooperation Agreement with Vivendi SE on 20 December 2021, neither of which resulted in any financial commitment for the Company.

The other transactions with related parties in 2021 undertaken in the normal course of business took place under arm's length conditions. In particular, Lagardère SA has not identified any agreements, other than those relating to normal business operations and conducted under arm's length conditions, entered into in 2021 directly or via an intermediary, between (i) any members of the Executive Committee, any members of the Board of Directors, or any shareholders of Lagardère SA that own more than 10% of the voting rights and (ii) any subsidiaries more than 50%-owned by Lagardère SA directly or indirectly.

NOTE 36 EVENTS AFTER THE REPORTING PERIOD

No events that could have an impact on the consolidated financial statements occurred after the end of the reporting period.

NOTE 37 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

	2021			
(in thousands of euros)	Mazars	%	Ernst & Young et Autres	%
Statutory audit, certification, review of individual and consolidated financial statements	3,656	85.6	2,350	82.9
- Lagardère SA	*263*	*6.2*	*293*	*10.3*
- Fully consolidated subsidiaries	*3,392*	*79.4*	*2,057*	*72.6*
Sub-total	**3,656**	**85.6**	**2,350**	**82.9**
Non-audit services	616	14.4	484	17.1
- Lagardère SA	*20*	*0.4*	*90*	*3.2*
- Fully consolidated subsidiaries	*596*	*14.0*	*394*	*13.9*
Sub-total	**616**	**14.4**	**484**	**17.1**
Total	**4,272**	**100.0**	**2,834**	**100.0**

	2020			
(in thousands of euros)	Mazars	%	Ernst & Young et Autres	%
Statutory audit, certification, review of individual and consolidated financial statements	3,512	92.3	2,355	85.3
- Lagardère SA	*255*	*6.7*	*259*	*9.4*
- Fully consolidated subsidiaries	*3,257*	*85.6*	*2,096*	*75.9*
Sub-total	**3,512**	**92.3**	**2,355**	**85.3**
Non-audit services	291	7.7	405	14.7
- Lagardère SA	-	-	*76*	*2.8*
- Fully consolidated subsidiaries	*291*	*7.7*	*329*	*11.9*
Sub-total	**291**	**7.7**	**405**	**14.7**
Total	**3,803**	**100.0**	**2,760**	**100.0**

Non-audit services include services required as part of the statutory audit in accordance with the laws and regulations, as well as services provided at the request of the entity.

Services provided at the request of the entity notably include the comfort letter issued in the scope of the Group's bond issue, engagements related to various acquisitions and tax matters (tax compliance, in particular), as well as the issuance of various attestations.

NOTE 38 LIST OF CONSOLIDATED COMPANIES AT 31 DECEMBER 2021

Companies controlled and fully consolidated at 31 December 2021:

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
LAGARDÈRE PUBLISHING				
HACHETTE LIVRE	58 rue Jean Bleuzen – 92170 VANVES	602 060 147	100.00	100.00
AUDIOLIB	21 rue du Montparnasse – 75006 PARIS	499 165 694	59.99	100.00
BIBLIO PARTICIPATIONS	58 rue Jean Bleuzen – 92170 VANVES	377 627 583	100.00	100.00
BLACKROCK GAMES	10 Rue des Pâles - 63540 ROMAGNAT	493 708 317	81.00	81.00
BRAINBOW LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00
CALMANN LÉVY	21 rue du Montparnasse – 75006 PARIS	572 082 279	84.92	84.92
CENTRE DE TRAITEMENT DES RETOURS	137 route de Corbeil – 91160 LONGJUMEAU	381 737 519	100.00	100.00
CYBERTERRE	58 rue Jean Bleuzen – 92170 VANVES	434 661 419	50.00	100.00(*)

(*) The limited partnership confers control to Lagardère Publishing.

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
DIFFULIVRE	SAINT SULPICE (SWITZERLAND)		100.00	100.00
DILIBEL	ALLEUR (BELGIUM)		100.00	100.00
DUNOD ÉDITEUR	11 rue Paul Bert – 92240 MALAKOFF	316 053 628	100.00	100.00
EDELSA	MADRID (SPAIN)		100.00	100.00
ÉDITIONS ALBERT RENÉ	58 rue Jean Bleuzen – 92170 VANVES	950 026 757	100.00	100.00
ÉDITIONS JEAN-CLAUDE LATTÈS	17 rue Jacob – 75006 PARIS	682 028 659	100.00	100.00
ÉDITIONS LAROUSSE	21 rue du Montparnasse – 75006 PARIS	451 344 170	100.00	100.00
ÉDITIONS STOCK	21 rue du Montparnasse – 75006 PARIS	612 035 659	100.00	100.00
ÉDUCATION MANAGEMENT	11 rue Paul Bert – 92240 MALAKOFF	582 057 816	100.00	100.00
FAYARD FACTORY	13, rue du Montparnasse 75006 PARIS	881 893 739	100.00	100.00
GIGAMIC	rue Jean-Marie Bourguignon – 62930 WIMEREUX	382 915 882	100.00	100.00
GROUPE HATIER INTERNATIONAL	11 rue Paul Bert – 92240 MALAKOFF	572 079 093	100.00	100.00
GRUPO PATRIA CULTURAL	MEXICO CITY (MEXICO)		100.00	100.00
HL 93	58 rue Jean Bleuzen – 92170 VANVES	390 674 133	99.99	100.00
HL FINANCES	11 rue Paul Bert – 92240 MALAKOFF	384 562 070	99.99	100.00
HACHETTE BOARDG GAMES UK Ltd	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE CANADA INC.	MONTREAL (CANADA)		100.00	100.00
HACHETTE COLLECTIONS	58 rue Jean Bleuzen – 92170 VANVES	395 291 644	100.00	100.00
HACHETTE COLLECTIONS JAPON	TOKYO (JAPAN)		100.00	100.00
HACHETTE COLLECTIONS RUSSIE	MOSCOW (RUSSIA)		100.00	100.00
HACHETTE FASCICOLI	MILAN (ITALY)		100.00	100.00
HACHETTE JEUX INC.	MONTREAL (CANADA)		100.00	100.00
HACHETTE LIVRE ESPANA	MADRID (SPAIN)		100.00	100.00
HACHETTE LIVRE USA INC	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE PARTWORKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE POLSKA	WARSAW (POLAND)		100.00	100.00
HACHETTE UK HOLDING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HIBOUTATILLUS	107 rue de Ménilmontant – 75020 PARIS	808 683 718	90.00	100.00
ICE PARTCIPATIONS	58 rue Jean Bleuzen – 92170 VANVES	829 164 110	96.58	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
ISCOOL ENTERTAINMENT	43 rue d'Aboukir – 75002 PARIS	435 269 170	96.58	100.00
KWYK	61 rue de Maubeuge – 75009 PARIS	537 961 369	100.00	100.00
LA DIFF	58 rue Jean Bleuzen – 92170 VANVES	429 980 857	100.00	100.00
LA PLAGE	58 rue Jean Bleuzen – 92170 VANVES	445 282 163	100.00	100.00
LAROUSSE	21 rue du Montparnasse – 75006 PARIS	401 457 213	100.00	100.00
LAROUSSE EDITORIAL SL	BARCELONA (SPAIN)		100.00	100.00
LELIVRESCOLAIRE.FR Editions	14 rue Rhin et Danube – 69009 LYON	524 383 585	70.00	70.00
LIBRAIRIE ARTHÈME FAYARD	13 rue du Montparnasse – 75006 PARIS	562 136 895	100.00	100.00
LIBRAIRIE GÉNÉRALE FRANÇAISE (LGF)	21 rue du Montparnasse – 75006 PARIS	542 086 749	59.99	100.00
OSMOSE	rue Jean-Marie Bourguignon – 62930 WIMEREUX	449 308 675	100.00	100.00
PIKA ÉDITION	58 rue Jean Bleuzen – 92170 VANVES	428 902 704	66.67	100.00
SAMAS	11 rue Paul Bert – 92240 MALAKOFF	775 663 321	100.00	100.00
STUDIO 58	58 rue Jean Bleuzen – 92170 VANVES	831 212 527	100.00	100.00
SOCIÉTÉ DES ÉDITIONS GRASSET ET FASQUELLE	61 rue des Saints Pères – 75006 PARIS	562 023 705	99.08	100.00
SCORPION MASQUE INC.	MONTREAL (CANADA)		51.00	51.00
HATIER GROUP				
LES ÉDITIONS HATIER	8 rue d'Assas – 75006 PARIS	352 585 624	100.00	100.00
LES ÉDITIONS DIDIER	13 rue de l'Odéon – 75006 PARIS	313 042 541	100.00	100.00
LIBRAIRIE PAPETERIE NATIONALE	CASABLANCA (MOROCCO)		100.00	100.00
RAGEOT ÉDITEUR	6 rue d'Assas – 75006 PARIS	572 022 978	100.00	100.00
SCI ASSAS RASPAIL	8 rue d'Assas – 75006 PARIS	315 844 431	100.00	100.00
SCI DU 63 BOULEVARD RASPAIL	63 boulevard Raspail – 75006 PARIS	315 830 034	100.00	100.00
SCI DU 8-8 BIS RUE D'ASSAS	8 rue d'Assas – 75006 PARIS	315 844 423	100.00	100.00
SALVAT GROUP				
EDITORIAL SALVAT SL	BARCELONA (SPAIN)		100.00	100.00
ANAYA GROUP				
GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
ALGAIDA EDITORES SA	SEVILLE (SPAIN)		100.00	100.00
ALIANZA EDITORIAL SA	MADRID (SPAIN)		99.82	99.82
COMMERCIAL GRUPO ANAYA SA	MADRID (SPAIN)		100.00	100.00
EDITORIAL BARCANOVA SA	BARCELONA (SPAIN)		100.00	100.00
EDICIÓNES XERAIS DE GALICIA SA	VIGO (SPAIN)		100.00	100.00
GRUPO EDITORIAL BRUNO SL	MADRID (SPAIN)		100.00	100.00
ORION GROUP				
13114 PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ARMS & ARMOUR PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ARTHUR BAKER LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BLANDFORD PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BLANDFORD PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
BREWERS PUBLISHING COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASSELL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASSELL EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASSELL PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONTACT PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GEORGE WEIDENFELD HOLDINGS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GEORGE WEIDENFELD & NICOLSON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
J.M.DENT & SONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LITTLEHAMPTON BOOK SERVICE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MRS BEETON INDUSTRIES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEW ORCHARD EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
PHOENIX HOUSE PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
RIGEL PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
VICTOR GOLLANCZ LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WARD LOCK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WARD LOCK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD & NICOLSON (WORLD UNIVERSITY LIBRARY) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE UK GROUP				
HACHETTE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ALLIANCE DISTRIBUTION SERVICES PTY LTD	TUGGERA (AUSTRALIA)		100.00	100.00
BOOKPOINT LTD	ABINGDON (UNITED KINGDOM)		100.00	100.00
CHAMBERS PUBLISHING LTD	EDINBURGH (UNITED KINGDOM)		100.00	100.00
EDWARD ARNOLD (PUBLISHERS) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GALORE PARK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE AUSTRALIA PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
HACHETTE BOOK PUBLISHING INDIA PRIVATE LTD	NEW DELHI (INDIA)		100.00	100.00
HACHETTE NEW ZEALAND LTD	AUCKLAND (NEW ZEALAND)		100.00	100.00
HACHETTE SINGAPORE PRIVATE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		100.00	100.00
HACHETTE UK PENSION TRUST LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HEADLINE BOOK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
H H ESOP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ILLUMINATE PUBLISHING LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
JESSICA KINGSLEY (PUBLISHERS) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JESSICA KINGSLEY PUBLISHERS INC	PHILADELPHIA (UNITED STATES)		100.00	100.00
JOHN MURRAY BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JOHN MURRAY (PUBLISHER) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEW ENGLISH LIBRARY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEON PLAY LTD	LONDON (UNITED KINGDOM)		69.53	69.53
NB LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NB PUBLISHING INC	BOSTON (UNITED STATES)		100.00	100.00
PHILIP ALLAN PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
RISING STARS UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ROBERT GIBSON & SONS GLASGOW LTD	GLASGOW (UNITED KINGDOM)		100.00	100.00
STORYFIRE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
UPDATES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WATTS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE BOOK GROUP				
HACHETTE BOOK GROUP INC	NEW YORK (UNITED STATES)		100.00	100.00
BELLWOOD BOOKS INC	NEW YORK (UNITED STATES)		100.00	100.00
DIGITAL PUBLISHING INNOVATIONS LLC	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE BOOK GROUP CANADA LTD	TORONTO (CANADA)		100.00	100.00
HACHETTE BOOK GROUP HOLDINGS INC (DELAWARE)	BOSTON (UNITED STATES)		100.00	100.00
HACHETTE DIGITAL INC	NEW YORK (UNITED STATES)		100.00	100.00
PERSEUS BOOKS LLC	NEW YORK (UNITED STATES)		100.00	100.00
LITTLE, BROWN BOOK GROUP				
LITTLE, BROWN BOOK GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CLOVERVIEW LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONSTABLE & ROBINSON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONSTABLE & COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ELLIOT RIGHT WAY BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
FUTURA PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO CONTENT LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAURENCE KING PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAURENCE KING VERLAG GMBH	BERLIN (GERMANY)		100.00	100.00
LITTLE, BROWN & COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MAGPIE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
MANDEVILLE PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
PIATKUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ROBINSON PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPHERE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SWAPEQUAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
TRANSITA LTD	LONDON (UNITED KINGDOM)		100.00	100.00
VIRAGO PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAROUSSE GROUP MEXICO				
EDICIONES LAROUSSE SA de CV	MEXICO CITY (MEXICO)		100.00	100.00
DIFUSORA LAROUSSE MEXICO SA de CV	MEXICO CITY (MEXICO)		100.00	100.00
OCTOPUS GROUP				
OCTOPUS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONRAN OCTOPUS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
DIGITAL OCTOPUS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
DIGITAL PROPERTY GUIDES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
FBB1 LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HAMLYN PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
KYLE CATHIE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
KYLE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LONDON PROPERTY GUIDE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MITCHELL BEAZLEY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MITCHELL BEAZLEY INTERNATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MILLERS PUBLICATION LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MAP PRODUCTIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
OCTOPUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SHORT BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPRING BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SUMMERSDALE PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
TLF LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WORKMAN GROUP				
WORKMAN PUBLISHING CO. INC.	NEW YORK (UNITED STATES)		100.00	100.00
STOREY PUBLISHING LLC	NEW YORK (UNITED STATES)		100.00	100.00
TIMBER PRESS, INC.	NEW YORK (UNITED STATES)		100.00	100.00
WPC HOLDING, INC.	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL				
LAGARDÈRE TRAVEL RETAIL	3-9 avenue André Malraux, Immeuble Sextant – 92300 LEVALLOIS-PERRET	330 814 732	100.00	100.00
AELIA NOUVELLE CALÉDONIE	40 rue de l’Alma – 98800 NOUMEA	103 551 800	59.43	66.00
AÉROBOUTIQUE FRANCE	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	380 193 938	90.04	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
AMADEO PRAHA SRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
BIG DOG BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL METRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
CORSINI	IASI (ROMANIA)		100.00	100.00
DUTY FREE STORES GOLD COAST PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
DUTY FREE STORES WELLINGTON LTD	WELLINGTON (NEW ZEALAND)		100.00	100.00
DUTY FREE ASSOCIATES	3-9 avenue André Malraux, Immeuble Sextant – 92300 LEVALLOIS-PERRET	423 402 312	90.04	100.00
HACHETTE DISTRIBUTION INC	NEW YORK (UNITED STATES)		100.00	100.00
HDS CANADA	MONTREAL (CANADA)		100.00	100.00
LS DEUTSCHLAND GMBH	WIESBADEN (GERMANY)		100.00	100.00
HDS RETAIL NORTH AMERICA LP	NEW YORK (UNITED STATES)		100.00	100.00
INFLIGHT SERVICE ESTONIA	TALLINN (ESTONIA)		100.00	100.00
INFLIGHT SERVICE POLAND SP ZOO	WARSAW (POLAND)		100.00	100.00
INMEDIO SERVICES SP ZOO	WARSAW (POLAND)		100.00	100.00
LAGARDÈRE DUTY FREE	3-9 avenue André Malraux, Immeuble Sextant – 92300 LEVALLOIS-PERRET	380 253 518	90.04	90.04
LAGARDÈRE DUTY FREE SRO	PRAGUE (CZECH REPUBLIC)		95.02	100.00
LAGARDÈRE DUTY FREE SP ZOO	WARSAW (POLAND)		95.02	100.00
LAGARDÈRE INFLIGHT	Tour Prisma, 4-6 avenue d'Alsace – 92400 COURBEVOIE	408 053 809	90.04	100.00
LAGARDERE TRAVEL RETAIL ASIA Co., LTD	HONG KONG (CHINA)		76.45	100.00
LAGARDERE TRAVEL RETAIL ASIA DUTY FREE Co., LTD	HONG KONG (CHINA)		76.45	100.00
LAGARDERE TRAVEL RETAIL BEVCO LTD	DAR ES SALAAM (TANZANIA)		50.00	100.00
LAGARDERE TRAVEL RETAIL FOODSERVICES CHILE SPA	SANTIAGO (CHILE)		51.00	100.00
LAGARDÈRE TRAVEL RETAIL CHINA (SHANGHAI) CO LTD	SHANGHAI (CHINA)		76.45	100.00
LAGARDÈRE TRAVEL RETAIL AS	PRAGUE (CZECH REPUBLIC)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL CP CONVENIENCE PARTNER GMBH	SALZBURG (AUSTRIA)		50.00	100.00
LAGARDÈRE TRAVEL RETAIL DEUTSCHLAND SPECIALTY GMBH	WIESBADEN (GERMANY)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL EHF	REYKJAVIK (ICELAND)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL FASHION GMBH	VIENNA (AUSTRIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL FRANCE	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	542 095 336	100.00	100.00
LAGARDERE TRAVEL RETAIL GAMBIA	KANIFING MUNICIPALITY (GAMBIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL GABON	LIBREVILLE (GABON)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL HONG KONG LTD	HONG KONG (CHINA)		76.45	100.00
LAGARDÈRE TRAVEL RETAIL IMPORT BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDERE TRAVEL RETAIL JAPAN K.K.	TOKYO (JAPAN)		76.45	100.00
LAGARDERE TRAVEL RETAIL MAURITANIE SAS	OUM TOUNSI (MAURITANIA)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
LAGARDERE TRAVEL RETAIL PERU SAC	CALLAO (PERU)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL REAL ESTATE BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL STATIONS BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL MIDDLE EAST	ABU DHABI (UNITED ARAB EMIRATES)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL NETHERLANDS HOLDING BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL SCHIPHOL BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL SINGAPORE PTE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SP ZOO	WARSAW (POLAND)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SENEGAL	DIASS (SENEGAL)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SPAIN SA	MADRID (SPAIN)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL SPECIALTY SP ZOO	KRAKOW (POLAND)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL UK LTD	LONDON (UNITED KINGDOM)		90.04	100.00
LS AND PARTNERS AT JFK LLC	NEW YORK (UNITED STATES)		80.00	80.00
LS ASIA PACIFIC PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
LS TR INTERNATIONAL	LE GRAND-SACONNEX (SWITZERLAND)		100.00	100.00
LS TR ITALIA SRL	FIUMICINO (ITALY)		90.04	100.00
LS TR NORTH AMERICA INC	TORONTO (CANADA)		100.00	100.00
LS TR ROMA SRL	FIUMICINO (ITALY)		90.04	100.00
LS TRAVEL FOODSERVICES DEUTSCHLAND GMBH	WIESBADEN (GERMANY)		100.00	100.00
LS TRAVEL RETAIL BULGARIA LTD	SOFIA (BULGARIA)		100.00	100.00
LS TRAVEL RETAIL DEUTSCHLAND GMBH	HUERTH HERMUELHEIM (GERMANY)		100.00	100.00
LS TRAVEL RETAIL MALAYSIA SDN BHD	KUALA LUMPUR (MALAYSIA)		97.00	97.00
LS TRAVEL RETAIL NEW ZEALAND LTD	AUCKLAND (NEW ZEALAND)		100.00	100.00
LS TRAVEL RETAIL ROMANIA SRL	BUCHAREST (ROMANIA)		100.00	100.00
LAGARDÈRE X ARTEUM	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	845 385 863	51.00	51.00
M TRAFIK SRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
MEDICOM SANTÉ	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	451 199 947	51.00	51.00
MUSIC RAILWAY	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	414 434 431	100.00	100.00
NEWSLINK PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
PARADIES HOLDINGS LLC(*)	ATLANTA (UNITED STATES)		100.00	100.00

(*) Comprising 213 fully consolidated entities (including minority interests in each entity with different percentage interests).

PARIS RAIL RETAIL	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	824 339 543	90.04	100.00
R&B	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	811 857 200	100.00	100.00
RM	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	800 293 664	100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
SORELT	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	808 238 992	100.00	100.00
THE PURELY GROUP PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
SGEL GROUP				
TOPCODI SL	MADRID (SPAIN)		100.00	100.00
AIREST GROUP				
LS TR FOODSERVICES ITALIA SRL	VENICE (ITALY)		100.00	100.00
AIREST COLLEZIONI DUBLIN LTD	DUBLIN (IRELAND)		100.00	100.00
AIREST COLLEZIONI US-1 LLC	PITTSBURGH (UNITED STATES)		100.00	100.00
AIREST COLLEZIONI US-2 LLC	PITTSBURGH (UNITED STATES)		100.00	100.00
AIREST COLLEZIONI USA INC	PITTSBURGH (UNITED STATES)		100.00	100.00
AIREST COLLEZIONI VENEZIA SRL	VENICE (ITALY)		50.00	100.00(*)
LAGARDERE TRAVEL RETAIL AND RESTAURANTS LLC	ABU DHABI (UNITED ARAB EMIRATES)		100.00	100.00
AIREST RETAIL SRL	VENICE (ITALY)		50.00	100.00(*)
LAGARDÈRE TRAVEL RETAIL ITALIA SRL	VENICE (ITALY)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL AUSTRIA GMBH	VIENNA (AUSTRIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL AUSTRIA HOLDING GMBH	VIENNA (AUSTRIA)		100.00	100.00

(*) The shareholder agreement confers control of the group to Lagardère Travel Retail.

INTERNATIONAL DUTY FREE GROUP				
INTERNATIONAL DUTY FREE AFRICA & MIDDLE EAST DWC-LLC	ABU DHABI (UNITED ARAB EMIRATES)		100.00	100.00
INTERNATIONAL DUTY FREE KENYA LIMITED	NAIROBI (KENYA)		100.00	100.00
INTERNATIONAL DUTY FREE NETHERLAND BV	ROTTERDAM (NETHERLANDS)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL REAL ESTATE SA	STEENOKKERZEEL (BELGIUM)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL BELGIUM SA	STEENOKKERZEEL (BELGIUM)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG GROUP SA	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG HOLDING	LUXEMBOURG (LUXEMBOURG)		100.00	100.00

OTHER ACTIVITIES				
LAGARDÈRE SA	4 rue de Presbourg, 75116 Paris	320 366 446	100.00	100.00
COMPAGNIE IMMOBILIÈRE EUROPA	3-9 avenue André Malraux – 92300 LEVALLOIS-PERRET	407 662 329	100.00	100.00
DARIADE	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	400 231 072	100.00	100.00
ÉDIFINANCE PARTICIPATIONS	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	440 143 741	100.00	100.00
Lagardère Finance	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	409 882 883	100.00	100.00
Lagardère Media	4 rue de Presbourg, 75116 Paris	402 345 128	100.00	100.00
LAGARDÈRE NORTH AMERICA INC	NEW YORK (UNITED STATES)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
Lagardère Participations	4 rue de Presbourg, 75116 Paris	303 600 902	100.00	100.00
Lagardère Ressources	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	348 991 167	100.00	100.00
LAGARDÈRE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MATRA MANUFACTURING & SERVICES	4 rue de Presbourg, 75116 Paris	318 353 661	100.00	100.00
PROMOTEC 5000 SL	MADRID (SPAIN)		100.00	100.00
SOFRIMO	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	569 803 687	100.00	100.00
LAGARDÈRE MÉDIA NEWS GROUP				
LAGARDÈRE ACTIVE	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	433 443 124	100.00	100.00
CERT GMBH	SARREBRUCK (GERMANY)		99.73	100.00
COFFEE DIGITAL LLC	NEW YORK (UNITED STATES)		68.42	100.00
ELLE INTERNATIONAL	2 rue des Cévennes – 75015 PARIS	834 273 906	100.00	100.00
EUROPE 1 IMMOBILIER	2 rue des Cévennes – 75015 PARIS	622 009 959	99.85	100.00
EUROPE 1 TÉLÉCOMPAGNIE	2 rue des Cévennes – 75015 PARIS	542 168 463	99.83	100.00
EUROPE 2 ENTREPRISES	2 rue des Cévennes – 75015 PARIS	352 819 577	99.92	100.00
EUROPE NEWS	2 rue des Cévennes – 75015 PARIS	343 508 750	99.83	100.00
HACHETTE FILIPACCHI PRESSE	2 rue des Cévennes – 75015 PARIS	582 101 424	100.00	100.00
IS 25	2 rue des Cévennes – 75015 PARIS	824 582 431	100.00	100.00
IS 45	2 rue des Cévennes – 75015 PARIS	824 634 257	100.00	100.00
LA CORPORATE	3 avenue André Malraux – 92300 LEVALLOIS-PERRET	824 652 069	100.00	100.00
LAGARDÈRE ACTIVE TV	2 rue des Cévennes – 75015 PARIS	334 595 881	99.92	100.00
LAGARDÈRE ACTIVE BROADCAST	1 rue Ténao – 98000 MONACO	775 751 779	99.92	100.00
LAGARDÈRE ACTIVE ENTREPRISES JAPAN CO LTD	TOKYO (JAPAN)		100.00	100.00
LAGARDÈRE ACTIVE FINANCES	2 rue des Cévennes – 75015 PARIS	410 208 136	100.00	100.00
LAGARDÈRE GLOBAL ADVERTISING	2 rue des Cévennes – 75015 PARIS	350 277 059	100.00	100.00
LAGARDÈRE ACTIVE RADIO INTERNATIONAL	2 rue des Cévennes – 75015 PARIS	388 404 717	99.92	100.00
LAGARDÈRE LABS INC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE MEDIA NEWS	2 rue des Cévennes – 75015 PARIS	834 289 373	100.00	100.00
EUROPE 1 DIGITAL	2 rue des Cévennes – 75015 PARIS	415 096 502	99.83	100.00
LAGARDÈRE PUBLICITÉ NEWS	2 rue des Cévennes – 75015 PARIS	538 865 064	99.92	100.00
LES ÉDITIONS MUSICALES FRANÇOIS 1er	2 rue des Cévennes – 75015 PARIS	381 649 771	100.00	100.00
MATCH PROD	2 rue des Cévennes – 75015 PARIS	824 634 257	100.00	100.00
PROMOTION ET SPECTACLES D'EUROPE 1	2 rue des Cévennes – 75015 PARIS	632 042 495	99.83	100.00
RFM ENTREPRISES	2 rue des Cévennes – 75015 PARIS	405 188 871	99.92	100.00
RFM RÉGIONS	2 rue des Cévennes – 75015 PARIS	382 002 509	99.92	100.00
SHOPPING GUIDE GMBH	MUNICH (GERMANY)		100.00	100.00
VIRGIN RADIO RÉGIONS	2 rue des Cévennes – 75015 PARIS	339 802 118	99.92	100.00
LAGARDÈRE LIVE ENTERTAINMENT GROUP				
CASINO DE PARIS	16 rue de Clichy – 75009 PARIS	582 047 957	100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REGISTRATION NUMBER	% interest	% control
LAGARDÈRE ARENA 13	1955 rue Claude Nicolas Ledoux – 13290 AIX EN PROVENCE	824 242 713	100.00	100.00
LAGARDÈRE LIVE ENTERTAINMENT	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	441 268 380	100.00	100.00
L PRODUCTION	16-18 rue du Dôme – 92100 BOULOGNE-BILLANCOURT	509 763 611	100.00	100.00
SENSO	48-50 avenue Jean Alfonsea – 33270 FLOIRAC	790 021 760	100.00	100.00
SOCIÉTÉ D'EXPLOITATION DES FOLIES BERGÈRE	32 rue Richer – 75009 PARIS	509 763 694	100.00	100.00
LAGARDÈRE PARIS RACING GROUP				
LAGARDÈRE PARIS RACING RESSOURCES	Chemin de la Croix Catelan – 75116 PARIS	433 565 819	100.00	100.00
LPR RESTAURATION	Chemin de la Croix Catelan – 75116 PARIS	808 264 758	100.00	100.00
OTHER LAGARDÈRE SPORTS				
WORLD SPORT GROUP INDIA LTD	MUMBAI (INDIA)		100.00	100.00
WORLD SPORT GROUP MAURITIUS LTD	PORT LOUIS (MAURITIUS)		100.00	100.00

Companies jointly controlled and accounted for under the equity method at 31 December 2021:

JOINT VENTURES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
FRANCE LIGHTNING SOURCE	1 avenue Gutenberg – 78310 MAUREPAS	515 014 785	50.00	50.00
LAGARDÈRE TRAVEL RETAIL				
AEROPORTS DE LYON (LYON DUTY FREE)	Aéroport Lyon Saint Exupéry – 69124 COLOMBIER-SAUGNIEU	493 425 136	45.02	50.00
CONCESSIONS MANAGEMENT LS AT LAX	LOS ANGELES (UNITED STATES)		50.00	50.00
LAGARDÈRE & CONNEXIONS	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	799 394 739	50.00	50.00
LAGARDÈRE CAPITAL LLC	ABU DHABI (UNITED ARAB EMIRATES)		50.00	50.00
LS CONCESSIONS MANAGEMENT AT LAX	LOS ANGELES (UNITED STATES)		50.00	50.00
THE BELGIAN CHOCOLATE HOUSE NETWORK SA	LUXEMBOURG (LUXEMBOURG)		50.00	50.00
SVRLS LA REUNION	Aéroport Roland Garros – 97438 SAINTE MARIE	538 210 147	44.84	50.00
SDA CROATIE	ZAGREB (CROATIA)		45.02	50.00
SUMO TRAVEL RETAIL PTY LTD	SURRY HILLS (AUSTRALIA)		50.00	50.00

Companies in which the Group exercises significant influence, accounted for under the equity method at 31 December 2021:

ASSOCIATES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
RANDOLPH INC. GROUP	MONTREAL (CANADA)		49.00	49.00
YEN PRESS LLC	NEW YORK (UNITED STATES)		49.00	49.00
LAGARDÈRE TRAVEL RETAIL				
CDF LAGARDÈRE COMPANY LTD	HONG KONG (CHINA)		15.29	20.00
DUTYFLY SOLUTIONS	ZAC du Moulin. rue du Meunier – 95700 ROISSY EN FRANCE	443 014 527	45.02	50.00
DUTYFLY SOLUTIONS ESPAÑA	MADRID (SPAIN)		45.02	50.00
DUTYFLY SOLUTIONS ITALIA	MILAN (ITALY)		45.02	50.00
HJAIA CONCESSIONS LLC	ATLANTA (UNITED STATES)		49.00	49.00
INMEDIO SP ZOO	WARSAW (POLAND)		49.00	49.00
LAGARDÈRE KSA	RIYAD (SAUDI ARABIA)		26.00	26.00
LAGARDERE TRAVEL RETAIL SAUDI ARABIA HOLDING LLC.	DUBAI (SAUDI ARABIA)		51.00	51.00
MITCHELL BOS LLC	ATLANTA (UNITED STATES)		49.00	49.00
SOCIÉTÉ DE DISTRIBUTION AÉROPORTUAIRE	Tour Prisma, 4-6 avenue d'Alsace – 92400 COURBEVOIE	448 457 978	45.02	50.00
RELAY ADP	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	533 970 950	49.90	50.00
OTHER ACTIVITIES				
LAGARDÈRE MÉDIA NEWS GROUP				
EUROPE REGIES OUEST	16 avenue Henry Fréville – 35200 RENNES	404 391 542	48.96	49.00
OTHER LAGARDÈRE SPORTS				
SADDLEBROOK INTERNATIONAL SPORTS LLC	WESLEY CHAPEL (UNITED STATES)		30.00	30.00

Companies controlled but not consolidated at 31 December 2021 as not material:

NON-CONSOLIDATED CONTROLLED COMPANIES	REGISTERED OFFICE	Registration number	% interest	% control
LAGARDÈRE PUBLISHING				
NOUVELLES ÉDITIONS IVOIRIENNES SAEM	ABIDJAN (CÔTE D'IVOIRE)		70.51	70.51
LPC	70 avenue Victor Hugo – 86500 MONTMORILLON	326 980 026	100.00	100.00
DIFUSORA LAROUSSE DE COLOMBIA LTDA	BOGOTA (COLOMBIA)		100.00	100.00
HACHETTE LIVRE MAROC	MOHAMMEDIA (MOROCCO)		99.84	99.84
EDITORA HATIER	SAO PAULO (BRAZIL)		100.00	100.00
PROLIVRE GIE	61 rue des Saints Pères – 75006 PARIS	788 242 501	99.68	100.00
FRANCE TELEDISTRIBUTIQUE	1 avenue Gutenberg – 78310 MAUREPAS	351 416 235	100.00	100.00
EDITORA SALVAT DO BRASIL LTDA	SAO PAULO (BRAZIL)		100.00	100.00
JOHN CATT EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LOGISPRO	58 rue Jean Bleuzen – 92170 VANVES	381 652 049	100.00	100.00
MAXIMA	8 Rue Pasquier – 75008 PARIS	378 524 896	100.00	100.00
MULTIMEDIA DIFFUSION SERVICES	11 rue Paul Bert – 92240 MALAKOFF	388 221 681	100.00	100.00
LAGARDÈRE TRAVEL RETAIL				
LAGARDERE / AWPL PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
LAGARDERE TRAVEL RETAIL CHINA (HK) Co., LTD	HONG KONG (CHINA)		76.45	100.00
OTHER ACTIVITIES				
LAGARDÈRE EXPRESSION	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	353 463 235	100.00	100.00
LAGARDERE ACAD, INC	NEW YORK (UNITED STATES)		100.00	100.00
LP8	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	843 931 742	100.00	100.00
LP12	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	907 992 424	100.00	100.00
LP13	4 avenue André Malraux – 92300 LEVALLOIS-PERRET	908 044 902	100.00	100.00
LAGARDÈRE MÉDIA NEWS GROUP				
LAE SHANGHAI CONSULTING LTD	SHANGHAI (CHINA)		100.00	100.00
LAE AMERICA INC	WILMINGTON (UNITED STATES)		100.00	100.00
LAE TAIWAN LTD	TAIWAN (CHINA)		100.00	100.00
LAE HONG KONG LTD	HONG KONG (CHINA)		100.00	100.00
LAE THAILAND LTD	BANGKOK (THAILAND)		100.00	100.00
LAE KOREA LTD	SEOUL (SOUTH KOREA)		100.00	100.00
ELLE FASHION LTD	BANGKOK (THAILAND)		100.00	100.00
RFM EST	23 boulevard de l'Europe – 54500 VANDOEUVRE LES NANCY	402 062 269	74.74	74.80

NOTE 39 CONSOLIDATED FINANCIAL STATEMENTS FOR 2020 AND 2019

In application of article 28 of European Commission regulation no. 809/2004, the documents listed below are incorporated by reference in this Universal Registration Document:

- the consolidated financial statements and parent company financial statements and the related audit report on pages 227 to 395 of the French Universal Registration Document for 2020, filed with the AMF on 29 April 2021 under registration number D.21-0385;
- the consolidated financial statements and parent company financial statements and the related audit report on pages 246 to 425 of the French Universal Registration Document for 2019, filed with the AMF on 26 March 2020 under registration number D.20-0183.

The non-incorporated parts of the above documents are either irrelevant for investors or covered in another part of this Universal Registration Document.

5.4 PRESENTATION OF THE LAGARDÈRE SA PARENT COMPANY FINANCIAL STATEMENTS

Comments on the Lagardère SA parent company financial statements at 31 December 2021

Significant events of the period

The General Meeting of 30 June 2021 approved the proposed conversion of Lagardère SCA into a French joint-stock company (*société anonyme*) with a Board of Directors.

Since that date, the Company has traded under the name Lagardère SA.

Simultaneous to this conversion, and as compensation for the loss of their financial and non-financial rights, 10 million new shares were issued to the General Partners (Arnaud Lagardère and Arjil Commanditée – Arco). This capital increase had no impact on the Company's net equity.

Expert, financial and legal costs incurred by Lagardère in the context of this transaction in an amount of €16 million were recognised as operating expenses in 2021.

On 30 September 2021, Lagardère issued €500 million worth of bonds maturing in October 2027 and paying an annual coupon of 1.75%.

The Group used €150 million of the proceeds from this issue to partially redeem the €500 million bond maturing in 2023 and to repay the state-backed loan for €465 million. This loan, drawn on 8 January 2021, was repaid in full ahead of term on 8 December 2021.

5.4.1 INCOME STATEMENT

The condensed income statement is as follows:

(in millions of euros)	2021	2020
Operating revenues	34	50
Operating loss	(40)	(40)
Net financial income	4	(30)
Earnings before tax and exceptional items	(36)	(70)
Net exceptional income	14	4
Income tax benefit	43	36
Profit (loss) for the year	21	(30)

In 2021, the Company reported an **operating loss** of €40 million, mainly corresponding to the difference between the operating expenses recorded by the holding company and the services billed to the Group's divisions.

Operating revenues of €34 million take into account a €10 million decrease in services and brand fees billed to the divisions. In 2020, operating revenues of €50 million included a €10 million expense transfer relating to the disposal of Lagardère Sports and Lagardère Studios.

Operating expenses of €74 million in 2021, down €16 million on the previous year owing to the headquarters' cost-cutting plan, include €16 million in consultancy fees and services related to the conversion of the Company, and €3 million in issue fees on the €500 million bond issued in September 2021.

Lagardère SA is directly responsible for billing the Group's operating divisions for assistance provided by corporate functions. It employs the six managers of the corporate functions, who make use of Lagardère Ressources teams and resources made available to them and which they continue to supervise. In consideration for the services provided to it, Lagardère SA pays Lagardère Ressources a fee intended to cover the costs directly or indirectly incurred by the latter. The annual amount of this fee is calculated based on the actual costs booked in the accounts. Lagardère SA directly bears any expenses relating to certain services provided at its request by external consultants.

Net financial income (expense) breaks down as follows:

(in millions of euros)	2021	2020
Interest income from marketable securities and other	**4**	1
Net interest income on loans to subsidiaries	**36**	37
Interest and expenses on borrowings	**(63)**	(51)
Finance costs, net	**(23)**	**(13)**
Dividends received or receivable	**11**	10
Net (additions to) reversals of provisions	**16**	(27)
Other	**-**	-
Net financial income (expense)	**4**	**(30)**

In 2021, the Company reported **net financial income** of €4 million, a €34 million improvement year on year.

The increase in net financial income is attributable to the following factors:

- income from marketable securities and other amounting to €4 million in 2021, compared with €1 million in 2020. This €3 million increase results from dividends paid by FCPI Idinvest Digital Fund II;
- interest received, which remained stable at €36 million. Interest was received on the loans granted to Lagardère North America in the amount of USD 860 million, for the acquisition of Paradies in 2015 and Hojeij Branded Foods (HBF) in 2018;
- interest and expenses on borrowings increased by €12 million, mainly due to (i) a €5 million premium on the redemption of €150 million of the bonds issued in 2016, (ii) a €5 million increase in fees on the syndicated credit facility, which was repaid in full in January 2021, and (iii) €4 million relating to the cost of the state-backed loan in the period;
- dividends received, which remained stable. In 2021, Lagardère SA received a dividend of €11 million from Lagardère Finance (€10 million in 2020). Lagardère Media did not make any dividend payouts in either 2021 or 2020;
- net reversals of provisions totalling €16 million in 2021 versus net additions to provisions of €27 million in 2020. In 2021, movements in provisions mainly reflect:
  - a €23 million reversal of provisions for unrealised foreign exchange losses arising on the unhedged portion of the USD 530 million loan (financing for the Paradies Lagardère acquisition) and the USD 330 million loan (financing for the HBF acquisition) with Lagardère North America,
  - a €6 million addition to the provision for investments in Lagardère Ressources.

In 2020, the €27 million additions to provisions mainly reflected:

- a €3 million addition relating to the adjustment made to the carrying amount of treasury shares delivered under free share plans in 2020,
- a €23 million addition to provisions for unrealised foreign exchange risks arising on the unhedged portion of loans amounting to USD 860 million granted to Lagardère North America (financing for the Paradies and HBF acquisitions).

Exceptional items

Net exceptional income of €14 million results from the sale by public auction on 5 February 2021 of a 1972 Matra competition vehicle (MS 670 prototype) for €5 million, and from reversals of provisions for risks for €9 million, including €7 million relating to the improvement in the net equity of Lagardère Ressources following its recapitalisation in 2021.

The Company reported an **income tax benefit** of €43 million in 2021. This includes €2 million in tax income (including tax credits for the year) and €41 million in tax consolidation relief (2020: income of €1 million and €35 million, respectively).

5.4.2 BALANCE SHEET AND CASH FLOWS

Assets

(in millions of euros)	31 Dec. 2021	31 Dec. 2020
Fixed assets	**5,257**	5,203
Trade receivables and other	**40**	120
Cash and cash equivalents	**323**	317
Total assets	**5,620**	**5,640**

Shareholders' equity and liabilities

(in millions of euros)	31 Dec. 2021	31 Dec. 2020
Shareholders' equity	**2,862**	2,851
Provisions for risks and liabilities	**19**	54
Debt	**2,705**	2,665
Short-term bank loans	**-**	-
Other liabilities	**34**	70
Total liabilities and shareholders' equity	**5,620**	**5,640**

Cash flows

(in millions of euros)	2021	2020
Cash flow from (used in) operating activities	**(15)**	15
Cash from investing activities	**44**	159
Cash from (used in) operations and investing activities	**29**	**174**
Cash from (used in) financing activities	**(23)**	**(161)**
Change in cash and cash equivalents	**6**	13
Cash and cash equivalents at beginning of period	**317**	**304**
Cash and cash equivalents at end of period	**323**	**317**

In the 2021 cash flow statement, **cash flow used in operating activities** was €15 million, a deterioration of €30 million compared with 2020. This is mainly due to the settlement in 2021 of trade payables arising at the end of 2020, a €10 million decrease in services and brand royalties, and a decrease in tax payments by entities in the tax group.

Net cash from (used in) investing activities represented an inflow of €44 million, and included:

- purchases and sales of treasury shares under the liquidity agreement, for €12 million and €10 million, respectively, representing a net cash outflow of €2 million compared to a net cash inflow of €5 million in 2020;
- interest received on loans to subsidiaries for €36 million versus €39 million in 2020;
- capital increases by Lagardère Participations and Lagardère Ressources representing a cash outflow of €10 million;
- proceeds from the sale of the Matra competition vehicle amounting to €5 million.

In 2020, net cash from investing activities included the price of MNC shares sold to Lagardère Participations for €105 million.

Financing activities generated a net cash outflow of €23 million and chiefly reflected:

- the net €122 million increase in amounts outstanding under short- and medium-term commercial paper programmes;
- the repayment in January of amounts drawn on the syndicated credit facility for €300 million, and of two bank loans for a total of €150 million;
- the partial €150 million redemption in October on the €500 million bond maturing in 2023;
- the issue in October of a €500 million bond maturing in October 2027;
- the €20 million increase in amounts borrowed from Lagardère Finance;
- the state-backed loan of €465 million granted in January 2021 and repaid on 8 December 2021;
- zero dividend payouts in 2021 in respect of 2020.

Net debt – which corresponds to cash and cash equivalents less borrowings – was as follows at 31 December 2021 and 2020:

(in millions of euros)	31 Dec. 2021	31 Dec. 2020
Net debt	(2,382)	(2,348)

Net debt increased by €34 million in 2021.

Borrowings are discussed in further detail in notes 6 and 7.

5.4.3 OTHER INFORMATION

Payment terms

In application of the French Commercial Code (*Code de commerce*), all of Lagardère SA's trade payables at 31 December 2021 are due within 30 days.

The following table sets out the disclosures concerning payment terms for payables and receivables required by article D. 441-4 of the French Commercial Code:

Payment terms	Invoices received but not settled at 31 Dec. 2021 of which due						Invoices issued but not settled at 31 Dec. 2021 of which due					
	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)	0 days	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total (1 or more days)
(A) Days late												
Number of invoices	19					14	5					-
Total amount of invoices concerned (excl. VAT) (in thousands of euros)	33	306	30	-	-	336	245	-	-	-	-	-
As a % of total purchases for the year (excl. VAT)	0%	0%	0%	0%	0%	1%						
As a % of revenue for the year							1%	0%	0%	0%	0%	0%
(B) Invoices excluded from (A) relating to contested or unrecognised payables and receivables												
Number of invoices excluded	-						-					
Total amount of invoices excluded (excl. VAT)	€0						€0					
(C) Reference payment terms used (contractual or legal – article L. 441-6 or article L. 443-1 of the French Commercial Code)												
Reference payment terms used to calculate late payments	Contractual terms: 30 days						Contractual terms: 0 days					

Other disclosures

The aggregate amount of non-deductible costs and expenses referred to in paragraph 4 of article 39 of the French Tax Code (*Code général des impôts*) totalled €21,890 in 2021. The tax charge borne as a result of those costs and expenses amounted to €0. The costs and expenses referred to in paragraph 5 of article 39 of the French Tax Code are not excessive and are incurred in the interest of the Company.

No overhead costs were added back to taxable profit further to the most recent tax reassessment.

5.5 LAGARDÈRE SA PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2021

Parent company balance sheet

Assets (in millions of euros)	**31 Dec. 2021** Gross	**31 Dec. 2021** Depreciation, amortisation and impairment	**31 Dec. 2021** Net	31 Dec. 2020 Net
Tangible assets	1	1	**-**	-
Long-term investments:				
- Investments in subsidiaries and affiliates	*4,657*	*202*	***4,455***	*4,451*
- Loans and advances to subsidiaries and affiliates	*763*	-	***763***	*705*
- Other investment securities	*34*	-	***34***	*42*
- Loans	-	-	**-**	-
- Other long-term investments	*5*	-	***5***	*5*
Fixed assets	**5,460**	**203**	**5,257**	**5,203**
Trade receivables	3	-	**3**	9
Other receivables	31	-	**31**	51
Marketable securities	2	-	**2**	10
Cash and cash equivalents	321	-	**321**	307
Prepaid expenses	-	-	**-**	-
Current assets	**357**	**-**	**357**	**377**
Deferred charges	5	-	**5**	3
Translation adjustment	1	-	**1**	57
Total assets	**5,823**	**203**	**5,620**	**5,640**

Shareholders' equity and liabilities (in millions of euros)	**31 Dec. 2021** Amount	31 Dec. 2020 Amount
Share capital	**861**	800
Share and other premiums	**169**	179
Reserves:		
- Legal reserve	***87***	*87*
- Reserves	**-**	-
- Other reserves	***1,470***	*1,531*
Retained earnings	**254**	284
Profit (loss) for the year	**21**	(30)
Interim dividend to be allocated	**-**	-
Shareholders' equity	**2,862**	**2,851**
Provisions for risks and liabilities	**19**	54
Borrowings subject to specific conditions	**-**	-
Borrowings:	**2,705**	2,665
- Bonds	***1,664***	*1,315*
- Bank loans	***649***	*977*
- Miscellaneous loans and borrowings including loans from subsidiaries and affiliates	***392***	*373*
Trade payables	**15**	16
Other payables	**12**	21
Deferred income	**-**	-
Translation adjustment	**7**	33
Total liabilities and shareholders' equity	**5,620**	**5,640**

Parent company income statement

(in millions of euros)	2021	2020
Operating revenues(*)	34	50
Operating expenses	(74)	(90)
Operating loss	(40)	(40)
Financial income	59	56
Financial expenses	(71)	(59)
Net (additions to) reversals from provisions	16	(27)
Net financial income (expense)	4	(30)
Earnings before tax and exceptional items	(36)	(70)
Net exceptional income	14	4
Income tax	43	36
Profit (loss) for the period	21	(30)

(*) Including services provided to French subsidiaries in 2021 for €7 million.

Parent company statement of cash flows

(in millions of euros)	2021	2020
Profit (loss) for the year	21	(30)
Net interest expense	27	13
Dividends received	(15)	(10)
Depreciation, amortisation and provision expense (reversal)	(30)	17
Net loss (profit) on sale of fixed assets	(5)	8
Changes in working capital	(13)	17
Cash flow from (used in) operating activities	(15)	15
Acquisitions of long-term investments	(11)	-
Dividends received	15	10
Interest received on loans	36	39
Liquidity agreement	(1)	5
Proceeds from disposals of non-current assets	5	105
Decrease in loans and receivables	-	-
Cash from investing activities	44	159
Cash from operations and investing activities	29	174
Dividends paid	-	-
Interest paid	(64)	(51)
Cash capital increase	-	-
Decrease in borrowings and financial liabilities	(1,130)	(291)
Increase in borrowings and financial liabilities	1,151	300
Change in Group current accounts	20	(119)
Cash used in financing activities	(23)	(161)
Change in cash and cash equivalents	6	13
Cash and cash equivalents at beginning of period	317	304
Cash and cash equivalents at end of period	323	317

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS AT 31 DECEMBER 2021

(All figures are expressed in millions of euros unless otherwise specified)

Preliminary information

Lagardère SA – the parent company of the Lagardère group, whose registered office is located at 4 rue de Presbourg in Paris 16 (registration number 32036644600013) – is a holding company, and as such its balance sheet items principally comprise investments and the Group's financing resources.

Since 1 January 2014, Lagardère SA has been directly responsible for billing the Group's operating divisions for assistance provided by corporate functions, instead and in place of its subsidiary, Lagardère Ressources. This led to the following organisational changes:

- Lagardère SA, which previously had no employees, now employs six people managing the corporate functions. These managers make use of Lagardère Ressources teams and resources, which the latter makes available to them and which they in turn continue to supervise.
- In consideration for the services provided to it, Lagardère SA pays Lagardère Ressources a fee intended to cover the costs directly or indirectly incurred by the latter. The annual amount of this fee is calculated based on the actual costs booked in the accounts.

As in the past, Lagardère SA continues to directly bear any expenses relating to certain services provided to it at its request by external consultants.

Accounting principles and valuation methods

1. General information

The Company's financial statements have been prepared in accordance with the accounting methods and principles established by the laws and regulations applicable in France. In particular, they have been prepared in accordance with Regulation 2015-05 issued by the French accounting standard-setter (*Autorité des normes comptables* – ANC) on forward financial instruments and hedging transactions, effective for accounting periods beginning on or after 1 January 2017.

1 2 3 4 5 6 7 8

2. Long-term investments

Investments in subsidiaries and affiliates are stated at acquisition cost or subscription price. When value in use is lower than net book value, an impairment loss is booked. Value in use is generally estimated on the basis of a review of the situation at the year-end and of the outlook for future years, as well as of any other elements contributing to the formulation of a pertinent assessment.

The recoverability of loans and advances to subsidiaries and affiliates is assessed based on the characteristics of the loans and advances and on the growth and profitability outlook for the related entities. In principle, these loans and advances are only written down after the related investments have been written down in full.

3. Marketable securities

Marketable securities are stated at purchase cost using the first-in-first out (FIFO) method. Impairment losses are booked when the market price or realisable value of the securities at the year-end is lower than their initial acquisition cost.

Gains and losses on disposals of marketable securities are reported net of revenues generated by the same securities on a single line of the income statement, such that the economic benefit of transactions on these securities is directly visible.

4. Transactions in foreign currencies

Receivables, payables, loans and borrowings denominated in foreign currency are translated into euros in the balance sheet based on the year-end exchange rates, with an offsetting entry to "Translation adjustment" under either assets or liabilities in the balance sheet. Unrealised exchange gains do not affect the income statement.

All unrealised exchange losses are provided for in full, except:

- for hedges, where the provision only covers the unhedged portion of the risk;
- for unrealised gains and losses concerning transactions with similar settlement dates in the same accounting period: in such cases, a provision is only recognised to the extent of the unrealised net loss.

Bank accounts denominated in foreign currency are translated into euros at year-end exchange rates, with an offsetting entry to foreign exchange gains and losses.

5. Forward financial instruments

The Company may use currency and interest rate derivatives to hedge borrowings and/or loans granted to Group companies:

- The foreign currency component of derivatives hedging receivables, payables, loans and borrowings in foreign currency are translated into euros in the balance sheet in order to present the symmetrical impact of changes in value in "Translation adjustment" under assets or liabilities in the balance sheet.
- Unrealised gains and losses are considered as part of an overall foreign exchange position, limiting the provision for foreign exchange losses to the extent of the unrealised net loss, provided that the settlement dates of the items included in the position fall in the same accounting period.

NOTES TO THE COMPANY'S BALANCE SHEET AND INCOME STATEMENT

1. FIXED ASSETS

Movements in the gross value of fixed assets can be analysed as follows:

	1 Jan. 2021	Increase	Decrease	31 Dec. 2021
Tangible assets	**1**	**-**	**-**	**1**
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities(*)	4,689	22	20	4,691
Loans and advances to subsidiaries and affiliates	704	59	-	763
Other long-term investments	5	10	10	5
Total	**5,399**	**91**	**30**	**5,460**

(*) This item includes the Company's investment in the FPCI Idinvest fund amounting to €11 million. €10 million had been subscribed at 31 December 2021.

Investments in subsidiaries and affiliates amounted to €4,691 million at 31 December 2021, reflecting:

- (i) the €10 million cash capital increase at Lagardère Participations and Lagardère Ressources in the second half of the year, and (ii) the €12 million acquisition of treasury shares under the liquidity agreement;
- (i) the sale of treasury shares under the liquidity agreement for €10 million, (ii) the cancellation of the gross amount of treasury shares by means of a capital reduction for €10 million.

Loans and advances to subsidiaries and affiliates chiefly relate to USD loans granted to Lagardère North America to finance the acquisition of the Paradies group in 2015 for USD 530 million and of Hojeij Branded Foods (HBF) at end-2018 for USD 330 million. The €59 million increase is attributable to the remeasurement of loans denominated in foreign currency at the year-end exchange rate.

Changes in depreciation, amortisation and impairment can be analysed as follows:

	1 Jan. 2021	Increase	Decrease	31 Dec. 2021
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities	(196)	(6)	-	(202)
Loans and advances to subsidiaries and affiliates	-	-	-	-
Total	(196)	(6)	-	(202)

The investment in Lagardère Ressources was written down by €6 million during the year.

2. RECEIVABLES

At 31 December 2021, the maturity of **receivables** was as follows:

	Gross	Due within one year	Due beyond one year
Long-term receivables	763	4	759
Short-term receivables	34	34	-
Total	797	38	759

Long-term receivables correspond to the loans granted to Lagardère North America for USD 860 million, along with loan interest (see above).

Short-term receivables include:

- €4 million corresponding to the remeasurement of the currency component of the cross-currency swaps hedging half of the loans granted to Lagardère North America;
- €3 million in intragroup trade receivables;
- €8 million in tax receivables (including €3 million in income tax receivables and €5 million in refundable VAT);
- €18 million in intercompany receivables arising on tax consolidation.

3. MARKETABLE SECURITIES

	31 Dec. 2021	31 Dec. 2020
Gross amount	**2**	10
Accumulated impairment losses	**-**	-
Carrying amount	**2**	**10**
Market value	**2**	10
Unrealised gains	**-**	**-**

4. CHANGES IN SHAREHOLDERS' EQUITY

Changes in shareholders' equity are analysed below:

	Share capital	Reserves	Retained earnings	Profit for the year	Interim dividend to be allocated	Total
Shareholders' equity at 31 December 2020	**800**	**1,797**	**284**	**(30)**	**-**	**2,851**
Capital reduction	(3)	(7)	-	-	-	(10)
Capital increase	64	(64)	-	-	-	-
Allocation of 2020 profit	-	-	(30)	30	-	-
Dividends paid	-	-	-	-	-	-
Profit for the year	-	-	-	21	-	21
Shareholders' equity at 31 December 2021	**861**	**1,726**	**254**	**21**	**-**	**2,862**

At 31 December 2021, the share capital of Lagardère SA amounted to €860,913,044.60, represented by 141,133,286 shares with a par value of €6.10 each, all ranking *pari passu* and fully paid up.

On 30 June 2021, as part of the conversion of the Company into a French joint-stock company (*société anonyme*) with a Board of Directors, and in order to compensate for the loss of their financial and non-financial rights, the General Partners, Arnaud Lagardère and Arjil Commanditée-Arco, received ten million new shares corresponding to around 7.09% of the Company's share capital post-issuance. Consequently, Lagardère SA carried out a €61 million capital increase by issuing 10 million new shares against premiums and other reserves.

In 2021, the Group carried out two capital reductions by cancelling 481,917 treasury shares for an amount of €3 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-issued shares were definitively allocated:

- on 7 April 2021, to beneficiaries of the 6 April 2017 plan residing outside France for tax purposes (133,867 shares);
- on 19 April 2021, to beneficiaries of the 16 April 2018 plan residing in France for tax purposes (348,050 shares).

5. TREASURY SHARES

Changes in the number of treasury shares held by Lagardère SA break down as follows for 2021:

	2021
Number of treasury shares held at 1 January	**1,590,628**
Purchases of treasury shares under the liquidity agreement(*)	549,398
Sales of treasury shares under the liquidity agreement(*)	(490,592)
Purchases (for treasury shares awarded to employees)	-
Awards	(8,014)
Capital reduction by cancellation of treasury shares	(481,917)
Number of treasury shares held at 31 December	**1,159,503**

(*) Liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for market-making purposes.

This liquidity agreement was suspended on 16 September 2021 and will remain suspended until the closing of the public tender offer for Lagardère SA.

6. BONDS

On 6 April 2016, Lagardère SA undertook a **€500 million bond issue** settled on 13 April 2016, which is **redeemable at maturity on 13 April 2023** and pays interest at a fixed rate of 2.75%. €150 million of this issue was redeemed on 7 October 2021, reducing the **bond debt outstanding to €350 million**. The related interest expense for 2021 amounted to €13 million (2020: €14 million).

On 14 June 2017, Lagardère SA undertook a **€300 million bond issue** settled on 21 June 2017, which is **redeemable at maturity on 21 June 2024** and pays interest at a fixed rate of 1.625%. The interest expense for 2021 amounted to €5 million.

On 9 October 2019, Lagardère SA undertook a **€500 million bond issue** settled on 16 October 2019, which is **redeemable at maturity on 16 October 2026** and pays interest at a fixed rate of 2.125%. The interest expense for 2021 amounted to €11 million.

On 30 September 2021, Lagardère SA undertook a **€500 million bond issue** settled on 7 October 2021, which is **redeemable at maturity on 7 October 2027** and pays interest at a fixed rate of 1.75%. The interest expense for 2021 amounted to €2 million.

7. MATURITIES OF LIABILITIES

	31 Dec. 2021	Due within one year	Due between one and five years	Due beyond five years
Bonds	1,664	14	1,150	500
Negotiable securities	343	338	5	-
Other borrowings	698	53	253	392
Trade and other payables	27	27	-	-
Total	**2,732**	**432**	**1,408**	**892**

Details of the Group's **bond issues** are set out in note 6.

Negotiable securities include:

- commercial paper issuance under the NEU CP programme with an €850 million ceiling. Debt issues under the programme represented €338 million at 31 December 2021 versus €158 million at 31 December 2020; and
- the negotiable Euro Medium-Term Notes (NEU MTN) programme with a ceiling of €200 million. Debt issues of €5 million at 31 December 2021 versus €64 million at 31 December 2020.

Other borrowings for €698 million break down as follows by maturity:

- €303 million in borrowings due between one and five years (€50 million in bank loans and a €253 million *Schuldscheindarlehen* German law private placement);
- €392 million in borrowings due beyond five years, corresponding to the current account with Lagardère Finance;
- €3 million due within one year (€3 million in accrued interest not yet due on EUR/USD cross-currency swaps and on loans).

8. PROVISIONS AND IMPAIRMENT

Type of provision and impairment	1 Jan. 2021	Additions	Reversals	31 Dec. 2021
Provisions for risks and liabilities(*)	**54**	**-**	**35**	**19**
Impairment				
- long-term investments(**)	196	6	-	202
- other	-	-	-	-
Impairment sub-total	**196**	**6**	**-**	**202**
Total provisions and impairment	**250**	**6**	**35**	**221**
Including additions and reversals:				
- relating to operating items		*-*	*3*	
- relating to financial items		*6*	*23*	
- relating to exceptional items		*-*	*9*	

(*) Including €23 million in reversals of provisions for currency risks and €12 million in reversals of provisions for risks that were extinguished in 2021.

(**) Details are provided in note 1.

9. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES (NET VALUES) – BALANCE SHEET

Assets		Liabilities	
Long-term investments	5,218	Debt	392
Short-term receivables	20	Trade and other payables	18
Other	-	Other	-

Long-term investments mainly include shares in Lagardère Media and Lagardère Finance, along with the loans granted to Lagardère North America.

Borrowings comprise the current account with Lagardère Finance.

Short-term receivables and trade payables include intra-group trade payables and receivables and tax consolidation current accounts.

10. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES – INCOME STATEMENT

Expenses		Revenues	
Operating(*)	43	Operating(**)	30
Financial	-	Financial(***)	47
Exceptional	-	Exceptional	-

(*) General services provided by Lagardère Ressources.

(**) Including services provided for €7 million and brand royalties for €23 million.

(***) Including dividends for €11 million and loan interest for €36 million.

11. ACCRUED INCOME AND EXPENSES

Accrued income included in the following balance sheet items:		Accrued expenses included in the following balance sheet items:	
Long-term investments	9	Borrowings	16
Short-term receivables	3	Trade and other payables	16
Cash and cash equivalents	-		-
Total	**12**	**Total**	**32**

12. FINANCIAL INCOME AND EXPENSES

	2021	2020
Financial income	**83**	**56**
Financial income from investments in subsidiaries and affiliates	**47**	46
Income from other investment securities and long-term receivables	**4**	2
Other interest and similar income	**8**	8
Net income from marketable securities	**-**	-
Reversals of provisions and expense transfers	**24**	-
Foreign exchange gains	**-**	-
Financial expenses	**(79)**	**(86)**
Interest and similar expenses	**(71)**	(59)
Additions to provisions	**(8)**	(27)
Foreign exchange losses	**-**	-
Net financial income (expense)	**4**	**(30)**

13. NET EXCEPTIONAL INCOME

	2021	2020
Net gains (losses) on disposals of assets	**5**	(8)
Net (additions to) reversals of provisions	**9**	9
Other exceptional income and expenses	-	3
Net exceptional income	**14**	**4**

14. INCOME TAX

The Company reported an income tax benefit of €43 million in 2021. This reflects tax consolidation relief of €41 million and Group tax income of €2 million. At 31 December 2021, the tax group comprising Lagardère SA and its subsidiaries had unused tax loss carryforwards of some €482 million.

15. OFF-BALANCE SHEET COMMITMENTS

Commitments given	Amount	Commitments received	Amount
Guarantees given on behalf of subsidiaries to cover contract-related financial commitments	3	Confirmed, unused lines of credit(*)	1,102
Guarantees given to third parties	-	Counter-guarantees received from third parties	-

(*) Lagardère SA has agreed an amendment and extension of its revolving credit facility with its banking partners, which has involved adjusting the amount of the facility to €1,102 million until May 2022, and extending the term of a €1,002 million tranche from May 2022 to March 2023.

Free share award plans

From 2018 to 2021, the Group set up plans to award free shares to its employees and senior executives. The number of shares awarded under these plans was as follows:

	Number of free shares awarded at inception	Number of outstanding rights at 31 Dec. 2021(*)
16 April 2018 plans	812,460	181,590
8 April 2019 plans	474,990	456,590
14 May 2019 plans	232,370	228,370
10 October 2019 plans	100,000	99,500
24 September 2021 plans	783,300	783,300

(*) Number of rights that can be issued after write-offs and before taking into account the extent to which the performance conditions were achieved.

- 16 April 2018 plans: 812,460 shares;
- 8 April 2019 plans: 474,990 shares;
- 14 May 2019 plans: 232,370 shares;
- 10 October 2019 plans: 100,000 shares;
- 24 September 2021 plans: 783,300 shares.

For Group employees who are beneficiaries of the 16 April 2018, 8 April 2019, 10 October 2019 and 24 September 2021 plans, these plans do not include any performance conditions. The shares vest definitively only after a three-year period, provided employee beneficiaries who are tax-resident in France have remained in the Group's employment throughout that time. For beneficiaries who are not tax-resident in France, the shares vest definitively at the end of a four-year period, provided that the beneficiaries have remained in the Group's employment for three years.

For the Group's senior executives, who are beneficiaries of the 16 April 2018, 14 May 2019, 10 October 2019 and 24 September 2021 plans, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 17 April 2021, 15 May 2022, 11 October 2022 and 25 September 2024, respectively, under the 2018, 2019 and 2021 plans;
- and:
  - for the plan awarded in 2018, achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met;
  - for plans awarded in 2019, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (recurring operating profit of fully consolidated companies, free cash flow, and proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SA's Total Shareholder Return);
  - for the plan awarded in 2021, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (return on capital employed, free cash flow, proportion of paper certified and/or recycled, percentage of plastic-free Foodservice revenue, and the proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SA's Total Shareholder Return).

16. FINANCIAL INSTRUMENTS

As part of the management of currency and interest rate risks generated by external financing or intragroup loans and borrowings in foreign currency, the Company may enter into hedging agreements with leading banks.

At 31 December 2021, Lagardère SA held cross-currency swaps hedging USD 430 million of the USD 860 million in loans granted to Lagardère North America.

	Forward sales of USD (in millions of currency units)	Forward purchases of euros (in millions of currency units)	Fair value at 31 Dec. 2021 (in millions of euros)(*)	Fair value at 31 Dec. 2020 (in millions of euros)
Cross-currency swaps maturing on 13 April 2023	165	148	2	13
Cross-currency swaps maturing on 21 June 2024	165	145	-	11
Cross-currency swaps maturing on 26 June 2026	100	91	2	9
Hedging derivatives	**430**	**384**	**4**	**33**

(*) Including €4 million in respect of the currency component recognised in the balance sheet under other receivables/payables with an offsetting entry to translation adjustment under assets/liabilities in order to present the symmetrical impact of the hedge.

At 31 December 2021, the remeasurement of the loans granted to Lagardère North America at the year-end rate gave rise to a €2 million unrealised foreign exchange gain, and the remeasurement of hedging instruments generated an unrealised gain of €4 million.

The maturities of the cross-currency swaps are aligned with those of the underlying bonds. From an economic standpoint, the derivatives enable the Group to convert fixed-rate euro-denominated bonds into fixed-rate US dollar-denominated debt.

17. EVENTS AFTER THE REPORTING PERIOD

None.

Subsidiaries and affiliates at 31 December 2021

(in thousands of euros)	Share capital	Reserves (excl. retained earnings)	Share of capital held (%)
Information on investments with a book value in excess of 1% of Lagardère SA's share capital or over which it exercises significant influence			
A. - Subsidiaries (Lagardère SA's holding: at least 50%)			
Lagardère Finance (immeuble Octant - 4 -10 avenue André Malraux - 92689 Levallois-Perret Cedex)	1,540,000	170,786	100.00
Lagardère Media (4 rue de Presbourg - 75116 Paris)	879,611	(302,307)	100.00
Lagardère Participations (4 rue de Presbourg - 75116 Paris)	100	2	100.00
Lagardère Ressources (immeuble Octant - 4 -10 avenue André Malraux - 92689 Levallois-Perret Cedex)	2,000	-	100.00
Matra Manufacturing & Services (4 rue de Presbourg - 75116 Paris)	13,528	(23,281)	100.00
B. - Affiliates (Lagardère SA's holding: 10% to 50%)			
C. - Other significant investments (Lagardère SA's holding: less than 10%)			
Information concerning other subsidiaries and affiliates			
A. - Subsidiaries not included in paragraph A above			
- Other subsidiaries: Lagardère UK	387	(148)	
B. - Affiliates not included in paragraph B above			
- Other subsidiaries			
C. - Investments not included in paragraph C above			
- Other subsidiaries			

	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Guarantees given by the Company	Revenue for the last fiscal year	Profit (loss) for the last fiscal year	Dividends received by the Company during the year
	Gross	Net					
	1,695,000	1,695,000			49	18,583	10,948
	2,730,374	2,730,374			0	1,989	0
	27,134	27,134			0	3,875	0
	110,132	2,227			46,623	227	0
	94,035	0			0	486	0
	452	0			0	(268)	0

Investment portfolio at 31 December 2021

I. Investments in subsidiaries and affiliates (in thousands of euros)		
A. Investments in French companies		
Book value over €15,000		
Number of shares held:		
280,000,000	Lagardère Finance	1,695,000
54,974,977	Lagardère Media	2,730,374
1,000,000	Lagardère Participations	27,134
200,000	Lagardère Ressources	2,227
845,474	Matra Manufacturing & Services	0
Book value below €15,000		0
Total investments in French companies		**4,454,735**
B. Investments in non-French companies		
Number of shares held:		
325,100	Lagardère UK	0
Book value below €15,000		0
Total investments in non-French companies		**0**
Total investments in subsidiaries and affiliates		**4,454,735**
II. Other long-term investments (in thousands of euros)		
C. Investment funds		
	FCPR Idinvest	10,352
Total investment funds		**10,352**
D. Treasury shares		23,211
Total treasury shares		**23,211**
Total other long-term investments		**33,563**
III. Short-term investments (in thousands of euros)		
A. French securities		
1. Equities and mutual funds		0
Number of shares held:	0	0
2. Collective investment funds		2,079
Number of shares held:	9	231
Total short-term investments (book value)		**2,079**

5.5.1 OTHER DISCLOSURE: LAGARDÈRE SA – FIVE-YEAR FINANCIAL SUMMARY

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

	Type of indication	2017	2018	2019	2020	**2021**
I	**Share capital at 31 December (in euros)**					
a)	Share capital	799,913,045	799,913,045	799,913,045	799,913,045	**860,913,045**
b)	Number of ordinary shares outstanding	131,133,286	131,133,286	131,133,286	131,133,286	**141,133,286**
c)	Maximum number of shares to be issued upon exercise of share subscription options	-	-	-	-	**-**
d)	Maximum number of shares to be issued upon conversion of bonds	-	-	-	-	**-**
e)	Number of shares to be issued upon exercise of subscription warrants	-	-	-	-	**-**
II	**Results of operations (in thousands of euros)**					
a)	Revenue	59,546	60,202	71,202	49,754	**30,137**
b)	Earnings (loss) before tax, depreciation, amortisation and provisions	82,873	188,116	31,627	(48,550)	**(50,167)**
c)	Income tax(*)	87,805	94,576	51,161	35,780	**43,522**
d)	Earnings after tax, depreciation, amortisation and provisions	162,282	277,979	77,512	(30,167)	**20,763**
e)	Dividends paid	170,604	171,673	-	-	**70,567**
III	**Earnings per share (in euros)**					
a)	Earnings (loss) per share after tax, but before depreciation, amortisation and provisions	1.30	2.16	0.63	(0.10)	**(0.05)**
b)	Earnings per share after tax, depreciation, amortisation and provisions	1.24	2.12	0.59	(0.23)	**0.15**
c)	Dividend per share	1.30	1.30	0.00	-	**0.50(**)**
IV	**Personnel (in euros, excluding headcount)**					
a)	Average headcount	8	8	8	8	**6**
b)	Total wages and salaries	2,607,183	1,739,429	2,160,348	2,281,740	**3,382,740**
c)	Total employee benefit expense	1,275,889	896,224	735,669	608,512	**1,048,842**

(*) Mainly the tax benefit resulting from tax consolidation.

(**) The Annual General Meeting on 22 April 2022 will be asked to approve a dividend of €0.50 per share.

5.6 STATUTORY AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS

To the General Meeting of Lagardère SA,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Lagardère SA for the year ended 31 December 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2021 to the date of our report, and, specifically, we did not provide any prohibited non-audit services referred to in article 5 (1) of Regulation (EU) no. 537/2014.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries and associated receivables

Risk identified

As at 31 December 2021, the carrying amount of investments in subsidiaries and affiliates recognised in the balance sheet amounted to €4,455 million, representing 79% of total assets. Loans and advances to subsidiaries and affiliates amounted to €763 million, or 14% of total assets.

As indicated in note "Accounting policies" to the financial statements, investments in subsidiaries are measured at historical cost or subscription value When value in use is lower than net book value, an impairment loss is booked.

Value in use is generally estimated on the basis of a review of the situation at the year-end and of the outlook for future years, as well as of any other elements contributing to the formulation of a pertinent assessment.

The recoverability of loans and advances to subsidiaries and affiliates is assessed based on the characteristics of the loans and advances and on the growth and profitability outlook for the related entities. In principle, these loans and advances are only written down after the related investments have been written down in full.

Estimating the value in use of investments in subsidiaries and affiliates requires management to exercise judgement in choosing the criteria to be taken into account (corresponding to historical or projected data, depending on the circumstances). In this context and given the inherent uncertainty associated with certain criteria - notably achievement of forecasts – and the significance of their value in the balance sheet – we deemed the correct valuation of investments in subsidiaries and affiliates and associated receivables to be a key audit matter.

Our response

Our audit work consisted in:

- obtaining an understanding of the methods used by management to implement impairment tests;
- verifying, on the basis of information provided to us, whether values in use of investments determined by Lagardère management are estimated on an appropriate basis regarding valuation method and data used;
- regarding valuations based on historical data, verifying that equity used is in line with the financial statements, as audited by the Statutory Auditors;
- regarding valuations based on projected data:
  - obtaining cash flow forecasts determined by management and appreciating the consistency with forecasts from the business plan,
  - analysing the reasonableness and consistency of the assumptions used with the economic environment at the reporting dates and at the date the financial statements were prepared,
  - comparing the value determined from cash flow forecasts adjusted by debts of the entity with the net book value of the investment in balance sheet statement;
- assessing the recoverability of the loans and advances to subsidiaries and affiliates.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D. 441 6 of the French Commercial Code (*Code de commerce*).

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to article L. 22-10-11 of the French Commercial Code (*Code de commerce*) we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other disclosures

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standards applicable in France relating to the procedures performed by the Statutory Auditors relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are consistent with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Lagardère SA (formerly Lagardère SCA) by the Annual General Meetings held on 20 June 1996 for Mazars and on 29 June 1987 for ERNST & YOUNG et Autres.

As at 31 December 2021, Mazars and ERNST & YOUNG et Autres were in the 26th consecutive year and 35th consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Company is expected to be wound up or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems and, where applicable, its internal audit regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' responsibilities for the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence and the related safeguards.

French language original signed at Courbevoie and Paris-La Défense, on 17 March 2022

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Sébastien Huet
Romain Maudry	

5.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the General Meeting of Lagardère SA,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Lagardère SA for the year ended 31 December 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors, for the period from 1 January 2021 to the date of our report, and, specifically, we did not provide any prohibited non-audit services referred to in article 5 (1) of Regulation (EU) no. 537/2014.

Emphasis of matter

We draw attention to notes 1.2, 3.9 and 18 to the consolidated financial statements related to the second amendment to IFRS 16 – Covid-19-Related Rent Concessions.

Justification of assessments – Key audit matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L. 823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests on goodwill and intangible assets with indefinite useful lives

Risk identified

Goodwill and other intangible assets with an indefinite useful life, which have a net carrying amount of €1,614 million and €113 million, respectively, meet the definitions set out in notes 3.7 and 3.8 to the consolidated financial statements.

Management assesses at each closing date that the recoverable amount of goodwill and intangible assets with indefinite useful lives is higher than their carrying amount, and that there is no indication of impairment loss. Cash flow projections used to test the value of assets are based on business plans drawn up at the reporting date, generally covering a period of three years. They are approved by the Board of Directors. They are determined using key assumptions and assessments that take into consideration the effects of the economic environment in the specific context of the Covid-19 crisis which continued to disrupt operations in the year.

The cash flows are discounted using a post-tax discount rate specific to each business. A perpetuity growth rate – which is also specific to each business – is used for periods beyond those covered in the budgets. The methods for implementing impairment tests at the level of the cash-generating units (CGUs) to which assets have been allocated, are described in note 3.12, and the assumptions used are indicated in Note 10 to the consolidated financial statements.

In view of the importance of management judgements and of the uncertainties associated with the assumptions used, we have considered goodwill and intangible assets with an indefinite useful life valuation as a key audit matter.

Our response

We have analyzed the method applied and made sure it complies with the accounting standards in force.

We have held discussions with management in order to assess the assumptions used and performed a critical analysis of the method implemented and have analysed in particular:

- the completeness of figures included in the book values of CGUs that are tested, and the consistency of the calculated values with the cash flow forecasts used to determine the recoverable amounts;
- the reasonableness of the cash flow forecasts compared to the economic and financial environment for the most sensitive CGUs, and the reliability of the estimation process;
- the consistency of those cash flow forecasts with the budget plans approved by the Board of Directors and the latest estimates drawn up by management as part of the budgeting process, particularly for the Lagardère Travel Retail CGUs. The forecasts for these CGUs were extended to 2031 to incorporate, depending on the region, business recovery assumptions comparable to those for 2019;
- the consistency of the growth and discount rates used for cash flow projections, with the assistance of our valuation experts;
- the calculation of the discount applied to future cash flows;
- the sensitivity calculations performed by management to changes in the main assumptions used.

Lastly, we have assessed the reasonableness of the information included in notes 1.2, 3.12 and 10 to the consolidated financial statements.

Revenue recognition in Lagardere Publishing division – returns estimates

Risk identified

Revenue recognition for Lagardère Publishing is subject to management estimates mainly in respect of returns estimates.

The revenue recognition principles are described in notes 3.1 and note 31 to the consolidated financial statements. Estimated returns recognised as a deduction from revenue amounted to €345 million at 31 December 2021.

That amount represents distributors' right to return unsold copies to Lagardère Publishing. The estimated amount of returns is recognised as a deduction from revenue based on forecasts of invoiced sales during the year and historic data concerning returns. This estimate is calculated on a statistical basis using the actual rate of returns for the previous year, adjusted for fluctuations in sales volumes and changes in the operating environment during the current year.

Given the significance of estimated returns, and of the assumptions and areas of judgement involved in their calculation, we deemed revenue recognition for Lagardère Publishing, and particularly estimated returns, to be a key audit matter.

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Our response

Our audit procedures involved in particular:

- understanding the processes and key controls implemented by management in respect of the sales process, including the treatment of returns;
- obtaining an understanding of the basis of calculation of returns and of the main assumptions used to estimate the amount of returns at the closing date;
- performing a critical review of the return rates applied and of the applicable calculation assumptions including, in particular the corresponding margins;
- comparing the estimated return rates with the corresponding historical rates;
- testing the consistency of the flows of sales and returns retained for calculation purposes;
- verifying the arithmetical accuracy of the statistical method applied;
- identifying any specific factors resulting in manual adjustments and validating those adjustments on a sampling basis.

Covid-19-related rent concessions at Lagardère Travel Retail

Risk identified

Due to the Covid-19 pandemic, many landlords have granted rent concessions to their tenants.

The Group's rent concessions were mainly obtained at Lagardère Travel Retail, where the Group operates concessions agreements in transport hubs.

In this context, the International Accounting Standards Board issued two amendments to IFRS 16 – Covid-19-Related Rent Concessions, endorsed by the European Union in October 2020 and August 2021, respectively, to allow lessees to avoid accounting for rent concessions as lease modifications if they are a direct consequence of Covid-19 and meet certain conditions.

Accordingly, these IFRS 16 amendments allow these rent concessions to be recognised as a deduction from lease liabilities against an income entry in the income statement when specified conditions are met. The second amendment to IFRS 16 published in March 2021 extends the period during which the practical expedient can be applied from 30 June 2021 to 30 June 2022.

Lagardère Group adopted this second amendment starting 1 January 2021.

As of 31 December 2021, lease liabilities and right-of-use assets related to concession agreements at Lagardère Travel Retail were reduced by €354 million and €228 million, respectively, as a result of lease negotiations.

We consider the application of this amendment within Lagardère Travel Retail to be a key audit matter, given the large number of leases and rent concessions obtained, and the resulting material financial impacts in the Group's consolidated financial statements.

Our response

Our audit procedures involved in particular:

- comparing the conformity of the accounting principles applied with the provisions of IFRS 16 and the Covid-19-Related Rent Concessions amendment;
- understanding processes and testing key controls implemented by management to ensure that lease modifications negotiated in 2021 were accounted for appropriately;
- testing the effectiveness of key information systems controls in verifying the accurate calculation, after taking into consideration impacts related to rent concessions as measured and recognised by the Group, of lease liabilities, right-of-use assets, depreciation and interest charges;
- performing tests of details on data entered in the information systems relating to leases;
- reviewing the inputs used and analysing the methodology adopted by management to determine the discount rates applied to calculate lease liabilities;
- assessing the appropriateness of the financial disclosures regarding the application of the IFRS 16 amendments in notes 1.2, 3.9 and 18 to the consolidated financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and consistency with the consolidated financial statements.

We attest that the Group management report includes the consolidated non-financial information statement required under article L. 225-102-1 of the French Commercial Code. However, in accordance with article L. 823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standards applicable in France relating to the procedures performed by Statutory Auditors relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are consistent with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Lagardère SA by the Annual General Meetings held on 20 June 1996 for Mazars and on 29 June 1987 for ERNST & YOUNG et Autres.

As at 31 December 2021, Mazars and ERNST & YOUNG et Autres were in the 26th consecutive year and 35th consecutive year of their engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Company is expected to be wound up or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures in response to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which notably includes a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

French language original signed at Courbevoie and Paris-La Défense, on 17 March 2022

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Sébastien Huet
Romain Maudry	

5.8 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

To the General Meeting of Lagardère SA,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related-party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements disclosed to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) related to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the relevant source documents

Agreements submitted for approval to the General Meeting

Agreements authorised during the year ended 31 December 2021

Pursuant to article L. 225-40 of the French Commercial Code, we were notified of the following agreement entered into during the year ended 31 December 2021 and previously approved by your Board of Directors.

Clean Team confidentiality and cooperation agreement between Lagardère SA and Vivendi SE

People involved

Vivendi SE, a shareholder of the Company holding more than 10% of the voting rights.

Terms, nature and purpose

At its meeting on 17 December 2021, the Board of Directors authorised, in accordance with article L. 225-38 of the French Commercial Code and after review, the signature of a Clean Team confidentiality and cooperation agreement on 20 December 2021 between the Company and Vivendi SE (the "Clean Team Agreement"). The purpose of this agreement was to put in place the necessary framework and legal safeguards, in compliance with competition law, in order to allow for the exchange between Vivendi SE and the Company of the information necessary for the preparation of the regulatory notifications required under regulations applicable to mergers and foreign investments in connection with the planned mandatory public tender offer resulting from the acquisition by Vivendi SE of the stake held by the funds managed by Amber Capital in the Company (the "Transaction").

In this context, an independent third party was appointed by Lagardère SA and Vivendi SE, at the exclusive cost of the latter, to ensure (under the supervision of the parties' external legal advisors) the implementation and management of Lagardère SA and Vivendi SE "clean teams" which will be able to receive and analyse the other party's confidential information.

The signature of the Clean Team Agreement gives rise to no financial obligations for the Company.

Purpose

The Board of Directors determined that the conclusion of this Clean Team Agreement is in the Company's best interests as it:

- allows, in the context of the reciprocal exchanges between the Company and

Vivendi SE of information necessary for the preparation of the regulatory notifications required in connection with the Transaction, the limitation of such exchanges to information that is strictly necessary and the implementation of appropriate safeguards in terms of protection of the confidentiality of the Company's information in accordance with applicable regulations; and

- allows the company and its advisors to receive information and analyses from Vivendi SE.

Agreements previously approved by the General Meeting

In application of article R. 225-30 of the French Commercial Code, we were informed that the following agreements, approved by the General Meeting in previous years, remained in force during the year ended 31 December 2021.

Agreement between Lagardère SA and Amber Capital UK LLP and Amber Capital Italia SCG SpA acting on behalf of various companies they are managing ("Amber Capital")

People involved

- Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of the various funds they manage ("Amber Capital"), together owned more than 10% of the voting rights of the Company. However, as a result of the acquisition by Vivendi SE of 24,685,108 shares of the Company from Amber Capital on 16 December 2021, Amber Capital's shareholding fell below the threshold of 10% of the Company's voting rights as of that date.
- Joseph Oughourlian, Managing Partner of Amber Capital UK LLP, Portfolio Manager and holder of several offices within the funds managed by Amber Capital, and director of Lagardère SA until 15 December 2021.

Terms, nature and purpose

On 27 April 2021, the Supervisory Board approved the signing of a settlement agreement between Amber Capital and your Company (the "Settlement Agreement"), the purpose of which is to terminate all legal disputes between them and to commit to engaging mutually and without disparagement in constructive dialogue.

This Settlement Agreement was signed on 27 April 2021 for a term of 20 years.

The signing of the Settlement Agreement gives rise to no financial obligations for Lagardère.

Service agreement between Lagardère Capital (formerly Lagardère Capital & Management), since replaced by Lagardère Management, and Lagardère Ressources

People involved

Arnaud Lagardère and Pierre Leroy, respectively Chairman and Chief Executive Officer and Deputy Chief Executive Officer of Lagardère SA, and Chairman and Chief Executive Officer of Lagardère Management.

Terms, nature and purpose

Under an agreement signed in 1988 by Lagardère Capital & Management with Matra and Hachette, Lagardère Capital & Management provides a range of resources and skills specific to general strategy, international development, company operations, and management of financing, human potential and corporate image. All senior executives working at Lagardère Capital & Management are members of the executive bodies of the Group and of its principal subsidiaries

The remuneration of Lagardère Capital & Management was modified with effect from 1 July 1999 by an amendment approved in principle by the Supervisory Board on 22 September 1999 and in its final version on 22 March 2000. It was again modified by an amendment approved by the Supervisory Board on 12 March 2004, with retroactive effect from 1 January 2004.

Starting from that date, the remuneration payable by Lagardère Ressources to Lagardère Capital & Management for any given year is equal to the total expenses incurred by Lagardère Capital & Management during that year in execution of the services rendered under the Service Agreement, plus a 10% margin, subject to an absolute upper limit of €1 million. For 2021, this margin amounted to €1 million.

On 31 August 2020, under the terms of a partial asset contribution transaction involving the transfer of all the assets and liabilities of the contributed business segment, Lagardère Management automatically replaced Lagardère Capital & Management (now Lagardère Capital) in the performance of the assistance agreement. For accounting and tax purposes, the transaction took effect retroactively from 1 July 2020.

Following the various reorganisations that have taken place since 1988, this agreement is now between Lagardère Management and Lagardère Ressources.

For 2021, the remuneration payable to Lagardère Management under this agreement amounted to €24.7 million.

French language original signed at Courbevoie and Paris-La Défense, on 17 March 2022

The Statutory Auditors

MAZARS	**ERNST & YOUNG et Autres**
Simon Beillevaire	Sébastien Huet
Romain Maudry	

6 RECENT DEVELOPMENTS AND OUTLOOK

6.1 RECENT DEVELOPMENTS (SINCE 1 JANUARY 2022)

6.1.1 SIGNIFICANT EVENTS

6.1.1.1 Acquisition by Lagardère Travel Retail of a majority interest in Creative Table Holding Ltd

On 18 February 2022, Lagardère Travel Retail signed an agreement for the acquisition of a majority share in Creative Table Holdings ltd, based in the United Arab Emirates, thereby conferring on Lagardère Travel Retail the control of the company.

Over many years, Creative Table Holdings Ltd has successfully developed a catering offering at Dubai airport, as well as an award-winning portfolio of food and beverage brands (local and healthy concepts), that complements that of Lagardère Travel Retail.

This acquisition will give Lagardère Travel Retail a foothold at one of the most renowned airline hubs in the world and opens up new prospects for development at Dubai airport.

The price of the transaction has been set at €74 million.

The completion of this acquisition, which remains subject to the approval of the competent competition authorities and other customary conditions, is expected to take place during the first quarter of 2022.

6.1.1.2 Vivendi SE files a proposed tender offer

On 21 February 2022, Vivendi SE filed the proposed tender offer with the AMF.

The proposed tender offer consists of:

- **a principal tender offer,** which allows shareholders to sell their Lagardère SA shares at a price of €25.50 per share (cum dividend) for the duration of the offer (25 trading days and, if applicable, 10 reopening days);
- a subsidiary tender offer, which grants shareholders, for each Lagardère SA share tendered to the subsidiary offer and held until the closing date of the offer, the right to sell the share to Vivendi SE at a price of €24.10 per share (ex-dividend) until 15 December 2023.

  Vivendi SE justifies this subsidiary tender offer by the uncertainty surrounding the scope of any divestments at the level of Vivendi SE and/or Lagardère SA that may result from the process of obtaining the requisite authorisations under competition law.

The tender offer will only be successful if Vivendi SE holds more than 50% of the share capital of Lagardère SA (50.01%) at the end of the first offer period.

In the event that the number of shares tendered to the principal offer is insufficient to reach the threshold of 50% of the share capital or voting rights, shares tendered to the subsidiary offer may be carried over to the principal offer to reach 51% of the capital.

If, despite this proportional reduction mechanism, the threshold of 50% of the share capital or voting rights is not reached, then (i) the tender offer will lapse, (ii) Vivendi SE will be deprived of the quantity of voting rights exceeding the threshold of 30% of Lagardère SA voting rights and thus will not take control of Lagardère SA, and (iii) Vivendi SE will only be able to increase its shareholding in Lagardère SA by launching a further tender offer.

If the offer is successful, and subject to and after obtaining the requisite authorisations under competition law, the majority of the share capital of Lagardère SA will be held by Vivendi SE, which will become the controlling shareholder of Lagardère SA.

A consultation process with the Lagardère group Employees' Committee has been initiated on the proposed tender offer with a view to issuing an opinion by 21 March 2022.

Once the opinions of the Group Employees' Committee and independent expert Eight Advisory have been received, the Board of Directors of Lagardère SA must take a position on the benefits or the risk that the offer presents for the Company, its shareholders and its employees and issue a reasoned opinion. As of the date of finalisation of this General Meeting Brochure, this opinion had not yet been issued.

The Company will file with the French financial markets authority a memorandum in response (*note en réponse*) containing the three abovementioned opinions (those of the Group Employees' Committee, independent expert Eight Advisory and the Board of Directors) on or around 21 March 2022.

6.1.1.3 Russia/Ukraine conflict

At the end of February 2022, an armed conflict broke out between Russia and Ukraine.

The Lagardère group's financial exposure in these two countries is very limited (revenue generated by the Group in Russia and Ukraine in 2021 amounted to less than 0.1% of consolidated revenue).

However, the Group remains vigilant as to the direct and indirect impacts (especially as regards international sanctions) that the conflict could have on its activities.

6.1.2 MAJOR CHANGES IN THE GROUP'S FINANCIAL AND COMMERCIAL POSITION

With the ongoing Covid-19 pandemic and travel restrictions still imposed by governments, the precise recovery trajectory for Lagardère Travel Retail in 2022 remains uncertain. The Group continues to put in place various measures to protect its profitability and preserve cash, while continuing to prioritise fine-tuned business development and marketing efforts in its two divisions, Lagardère Publishing and Lagardère Travel Retail.

In addition, the Group has sufficient financial resources to meet its day-to-day requirements and its financial obligations.

6.1.3 TREND INFORMATION

LAGARDÈRE PUBLISHING

In 2021, Lagardère Publishing enjoyed a tailwind from the heightened appeal of reading – particularly among young readers – the publication of a new Asterix album, and the release of several publishing sensations selling over a million copies.

The positive impacts on book sales are likely to diminish in 2022 as leisure and cultural establishments such as restaurants, museums, cinemas and live entertainment venues reopen for business. The absence of curriculum reform in France in 2022 will affect sales volumes, while the integration of Workman Publishing in the US over a full year will generate a positive scope effect.

It should be noted that due to business effects, results tend to be lower in the first half than in the second half of the year.

As in 2021, management will also maintain a tight rein on expenses, particularly as a response to the rising cost of paper and certain services, along with wage inflation.

LAGARDÈRE TRAVEL RETAIL

In general, trading at Lagardère Travel Retail closely mirrors trends in air passenger traffic. Trading in the Travel Retail division remained sluggish at the start of 2022, owing to spread of the Omicron variant and travel restrictions, in spite of the launch of vaccination campaigns in various countries. Forecasts published by various airport industry organisations are constantly changing, due to the prevailing lack of visibility. As of 25 January 2022, IATA forecasts indicate a drop in air passenger traffic in 2022 of around 39% versus 2019.

In 2022, Lagardère Travel Retail is continuing its efforts to protect its earnings that began in 2020. These include renegotiating leases under concession agreements, optimising overheads and payroll costs, and reducing other store operating costs. These measures led to a very favourable 11.8% flow-through ratio in 2021, a benchmark in its industry. Amid this uncertainty, Lagardère Travel Retail also continues its efforts to preserve cash, by reviewing its investments and maintaining a tight rein on working capital.

OTHER ACTIVITIES

Lagardère News and Lagardère Live Entertainment

Amid increasing success in the fight against Covid-19, advertising revenues for Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence) rose in 2021, as certain advertisers renewed spending.

The prolonged closure of venues and the cancellation of numerous cultural events continue to take their toll on the Entertainment businesses (live performance venues) in 2021.

6.2 OUTLOOK

The effects of the health crisis and gradual easing of restrictions, the timing of which remains uncertain due to the various emerging Covid-19 variants, have had differing effects on Lagardère Publishing and Lagardère Travel Retail. Amid the current environment, Lagardère is pressing ahead with its Group-wide cost cutting and cash control efforts, while remaining alert to development opportunities.

Lagardère Publishing

As the health situation gradually improves and cultural activities resume, book sales are likely to be less buoyant in 2022, a year that will also be marked by the absence of curriculum reform in France and of an Asterix. Thanks in particular to the integration of the acquisitions completed in 2021 (mainly Workman Publishing) and a new round of curriculum reforms in Spain, however, consolidated revenue[81] at Lagardère Publishing is expected to be stable in 2022.

Profitability will be impacted by the less favourable market trends in a context of inflationary pressure on costs. Accordingly, Lagardère Publishing expects to post an operating margin[82] of just above 11% for 2022.

Lagardère Travel Retail

Trading at Lagardère Travel Retail closely mirrors trends in air passenger traffic in the different geographic areas. Due to the diversity of its footprint and operating segments, the division is well placed to benefit from the resumption of flights as and when the health situation permits. Although the context is broadly improving, it remains uncertain.

The division will closely monitor developments in air traffic in 2022 and is confident in its ability to adapt to the environment which, although volatile, is gradually improving. Lagardère Travel Retail is pressing ahead with its operational excellence drive launched during the crisis, enabling the division to keep flow through in 2022 within a range of 15% to 20%[83], assuming higher business levels than in 2021.

Other Activities

Efforts to reduce corporate costs will continue in 2022, with a target of a further €10 million reduction to €35 million during the year, representing a 50% reduction in three years versus 2019.

6.3 EARNINGS FORECAST

None.

[81] Excluding the currency effect.
[82] Recurring EBIT as a percentage of revenue, see Glossary for definition.
[83] Negative impact on recurring EBIT of the decrease in 2022 revenue versus 2019.

7 ADDITIONAL INFORMATION

7.1 PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE UNIVERSAL REGISTRATION DOCUMENT

Arnaud Lagardère, Chairman and Chief Executive Officer.

7.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

I hereby declare that the information set out in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the financial statements have been prepared in compliance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the entities included in the consolidation, and that the accompanying management report (see the cross-reference tables in section 8.2 for the list of components) provides a fair view of the business, results of operations and financial position of the Company and all the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Paris, 17 March 2022

Arnaud Lagardère

Chairman and Chief Executive Officer

7.3 DETAILS OF THE STATUTORY AUDITORS

	First appointed	End of current term of office
Statutory		
Ernst & Young et Autres represented by Sébastien Huet Tour First - 1, place des Saisons – 92037 Paris-La Défense Member of the Versailles Regional Institute	29 June 1987	2023
Mazars represented by Simon Beillevaire and Romain Maudry 61, rue Henri Regnault – 92400 Courbevoie Member of the Versailles Regional Institute	20 June 1996	2026

7.4 DOCUMENTS ON DISPLAY

The person responsible for this Universal Registration Document attest that during the validity of this Universal Registration Document the following documents will be freely accessible on the Company's website (www.lagardere.com) in the following sections:

"Investor Relations – Regulated Information":

- annual financial reports/universal registration documents for the last ten years;
- interim financial reports for the last ten years;
- monthly information on the share capital and voting rights;
- information on share buybacks;
- description of share buyback programmes.

"Shareholders and Investors – Shareholders' Meetings":

- General Meeting documents for the last ten years.

"Shareholders and Investors – Governance":

- the latest version of the Company's Articles of Association.

8 CROSS-REFERENCE TABLES

8.1 CROSS-REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT

The Annual Financial Report prepared in accordance with article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and article 222-3 of the General Regulations of the French financial markets authority (*Autorité des marchés financiers* — AMF) comprises the information, documents and reports listed below, which are presented in the chapters, sections and pages indicated of the accompanying Universal Registration Document.

8.2 CROSS-REFERENCE TABLE WITH THE MANAGEMENT REPORT

	Mandatory disclosures	Applicable laws and standards	Section
1	**COMPANY'S FINANCIAL POSITION AND BUSINESSES**		
1.1	Position of the company over the year and objective and comprehensive analysis of the changes in business, results and financial position of the company and the group, in particular its debt situation, in relation to the volume and complexity of its business	Articles L. 225-100-1, I, 1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code	1.4/1.8/5.2
1.2	Key financial performance indicators	Article L. 225-100-1, I, 2° of the French Commercial Code	5.2
1.3	Key non-financial performance indicators relating to the Company's and the Group's specific operations, including information on environmental and personnel issues	Article L. 225-100-1, I, 2° of the French Commercial Code	4.3
1.4	Material events arising between the end of the reporting period and the date of the management report	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	6.1.1
1.5	Names of the major shareholders and holders of voting rights at General Meetings, and changes during the year	Article L. 233-13 of the French Commercial Code	2.8.8
1.6	Existing branches	Article L. 232-1, II of the French Commercial Code	-
1.7	Significant shareholdings acquired in companies with their registered office in France	Article L. 233-6, paragraph 1 of the French Commercial Code	1.8.1
1.8	Transfers of cross-holdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	-
1.9	Projected development of the Company's and the Group's situation and future prospects	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	6.2

1.10	Research and development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	1.4
1.11	Table of the Company's financial results over each of the last five years	Article R. 225-102 of the French Commercial Code	5.5.1
1.12	Information on payment deadlines for suppliers and clients	Article D. 441-4 of the French Commercial Code	5.4.3
1.13	Amount of inter-company loans granted and the Statutory Auditor's statement	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	-
2	**INTERNAL CONTROL AND RISK MANAGEMENT**		
2.1	Description of the main risks and contingencies to which the Company is exposed	Article L. 225-100-1, I, 3° of the French Commercial Code	3.1
2.2	Information on financial risks linked to climate change and measures taken to reduce them by implementing a low-carbon strategy throughout all components of the business	Article L. 22-10-35, 1° of the French Commercial Code	4.3.2.2
2.3	Main internal control and risk management procedures put in place by the Company and by the Group, in particular those relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2° of the French Commercial Code	3.2
2.4	Information on the objectives and policy regarding the hedging of each major category of transactions and the exposure to price, credit, liquidity and cash risks, including the use of financial instruments	Article L. 225-100-1, 4° of the French Commercial Code	See note 29 to the consolidated financial statements
2.5	Anti-corruption measures	French Act no. 2016-1691 of 9 December 2016 ("Sapin II")	3.1.2.2
2.6	Duty of care plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	4.7
3	**CORPORATE GOVERNANCE REPORT**		
	Information on remuneration		

3.1	Remuneration policy with regard to corporate officers	Article L. 22-10-8, I, paragraph 2 of the French Commercial Code	2.5.1/2.6.1
3.2	Remuneration and benefits in kind paid during the financial year or granted in respect of the financial year to each corporate officer	Article L. 22-10-9, I, 1° of the French Commercial Code	2.5.2/2.6.2
3.3	Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I, 2° of the French Commercial Code	2.5.2.1
3.4	Possibility to request repayment of variable remuneration	Article L. 22-10-9, I, 3° of the French Commercial Code	N/A
3.5	Commitments of any kind entered into by the Company for the benefit of its corporate officers concerning the remuneration, compensation and benefits that would be due or potentially due on or following their appointment, loss of office or change in position	Article L. 22-10-9, I, 4° of the French Commercial Code	2.5.2.1 G
3.6	Remuneration paid or allocated by a company included in the scope of consolidation within the meaning of article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I, 5° of the French Commercial Code	2.5.1.1
3.7	Ratios between the level of remuneration of each executive corporate officer and the average and median remuneration of Company employees	Article L. 22-10-9, I, 6° of the French Commercial Code	2.5.2.2/ 2.6.2.1.A
3.8	Annual changes in remuneration, Company performance, average remuneration of Company employees and the above ratios over the last five years	Article L. 22-10-9, I, 7° of the French Commercial Code	2.5.2.2/ 2.6.2.1.A
3.9	How total remuneration complies with the adopted remuneration policy, including how it contributes to the long-term performance of the Company and how the	Article L. 22-10-9, I, 8° of the French Commercial Code	2.5.2/2.6.2

	performance criteria have been applied		
3.10	Way in which the results of voting at the last Ordinary General Meeting have been taken into account, pursuant to article L. 22-10-34, I of the French Commercial Code	Article L. 22-10-9, I, 9° of the French Commercial Code	2.5.2/2.6.2
3.11	Non-compliance with the procedure for implementing the remuneration policy and any deviation from the procedure	Article L. 22-10-9, I, 10° of the French Commercial Code	N/A
3.12	Application of the provisions of article L. 225-45, paragraph 2 of the French Commercial Code (suspension of payment of directors' remuneration in the event of lack of gender diversity on the Board of Directors)	Article L. 22-10-9, I, 11° of the French Commercial Code	N/A
3.13	Stock options granted to and held by corporate officers	Article L. 225-185 of the French Commercial Code	N/A
3.14	Free shares granted to and held by executive corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	2.5.1.3.B/ 2.5.2.3
	Information on governance		
3.15	List of positions held and duties performed by each corporate officer in all companies during the reporting period	Article L. 225-37-4, 1° of the French Commercial Code	2.2.2.1.B
3.16	Agreements entered into between a corporate officer or a significant shareholder and a subsidiary	Article L. 225-37-4, 2° of the French Commercial Code	2.3.2/2.7
3.17	Summary table showing delegations granted by the General Meeting to increase the share capital currently in force	Article L. 225-37-4, 3° of the French Commercial Code	2.8.4
3.18	General management procedures	Article L. 225-37-4, 4° of the French Commercial Code	2.1.2
3.19	Membership, preparation and organisation of the work of the Board	Article L. 22-10-10, 1° of the French Commercial Code	2.2.2/2.2.3/2.2.4

3.20	Application of the principle of a balanced gender mix on the Board	Article L. 22-10-10, 2° of the French Commercial Code	2.2.2.1.D
3.21	Limitations that the Board may put on the powers of the Chief Executive Officer	Article L. 22-10-10, 3° of the French Commercial Code	2.1.2.3
3.22	Reference to a corporate governance Code and application of the "comply or explain" principle	Article L. 22-10-10, 4° of the French Commercial Code	2.1.1/2.2.5
3.23	Specific conditions for shareholder participation in the General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	2.10.1
3.24	Procedure for assessing agreements entered into in the ordinary course of business and at arm's length conditions	Article L. 22-10-10, 6° of the French Commercial Code	2.2.2.2
3.25	Information likely to have an impact in the event of a public offer or exchange offer	Article L. 22-10-11 of the French Commercial Code	2.9
4	**OWNERSHIP STRUCTURE AND SHARE CAPITAL**		
4.1	Ownership structure, changes in the Company's share capital and threshold crossings	Article L. 233-13 of the French Commercial Code	2.8.1/2.8.8.1/2.8.8.2
4.2	Purchase and sale of treasury shares	Article L. 225-211 of the French Commercial Code	2.8.2
4.3	Employee share ownership at the period end (proportion of share capital represented)	Article L. 225-102, paragraph 1 of the French Commercial Code	2.8.8.1
4.4	Any adjustments made to securities giving rights to share capital in the event of share buybacks or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	-
4.5	Information on transactions by executive corporate officers and related persons in the Company's shares	Article L. 621-18-2 of the French Monetary and Financial Code	2.3.5
4.6	Dividends paid during the last three financial years	Article 243 *bis* of the French Tax Code	5.1
5	**NON-FINANCIAL STATEMENT**		
5.1	Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	1.4/4.1

5.2	Description of the main risks related to the business activity of the Company or the Group including, when relevant and proportional, the risks created by business relationships, the products or services	Articles L. 225-102-1 and R. 225-105, I, 1° of the French Commercial Code	4.3
5.3	Information on the manner in which the Company or the Group takes into account the social and environmental consequences of its business activity and the effects of this business activity in relation to respect for human rights and the fight against corruption (description of the policies implemented and reasonable diligence procedures implemented to prevent, identify and mitigate the main risks related to the business activity of the Company or the Group)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I, 2° of the French Commercial Code	4.3/4.3.1/4.3.2/4.3.3/4.3.4
5.4	Results of the policies implemented by the Company or the Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I, 3° of the French Commercial Code	4.3/4.3.1/4.3.2/4.3.3/4.3.4
5.5	Labour information (employment, work organisation, health and security, social relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II A. 1° of the French Commercial Code	4.3.1
5.6	Environmental information (general policy on environmental, pollution, circular economy, climate change matters)	Articles L. 225-102-1 and R. 225-105, II A. 2° of the French Commercial Code	4.3.2
5.7	Societal information (societal commitments in support of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II A. 3° of the French Commercial Code	4.2.1/4.2.2. /4.2.3
5.8	Information related to measures to prevent corruption	Articles L. 225-102-1 and R. 225-105, II B. 1° of the French Commercial Code	4.3.4
5.9	Information related to measures to promote human rights	Articles L. 225-102-1 and R. 225-105, II B. 2° of the French Commercial Code	4.3.3

5.10	Specific disclosures: - the Company's technological accident risk prevention policy; - the Company's ability to cover its civil liability in terms of property and people due to classified facilities; and - resources provided to oversee the processing of victim compensation in the event of a technological accident for which the Company may be held liable.	Article L. 225-102-2 of the French Commercial Code	-
5.11	Collective agreements signed by the Company and their impact on its economic performance, as well as employee health, safety and working conditions	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	4.4.1.A.2/4.4.1.A.3
5.12	Certificate issued by the independent third party on the information presented in the non-financial statement	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code	4.6
6	**OTHER INFORMATION**		
6.1	Additional tax information	Articles 223 *quater* and 223 *quinquies* of the French Tax Code	5.4.3
6.2	Injunctions or penalties for anti-competitive practices	Article L. 464-2 of the French Commercial Code	5.3 (see note 34 to the consolidated financial statements)

8.3 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT WITH ANNEX 1 OF EUROPEAN REGULATION 2019/980

Information		Section no.[1]
1	**PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL**	
1.1	Persons responsible for the Universal Registration Document	7.1
1.2	Statement by the persons responsible for the Universal Registration Document	7.2
1.3	Statement by experts	-
1.4	Third party information	-
1.5	Statement of approval of the Universal Registration Document	-
2	**STATUTORY AUDITORS**	
	Statutory Auditors for the period covered by the historical financial information	7.3
3	**RISK FACTORS**	
	Provide a description of the material risks that are specific to the Company, in a limited number of categories, in a section headed "Risk factors"	3.1
4	**INFORMATION ABOUT THE ISSUER**	
4.1	Legal and commercial name of the Company	1.1.1
4.2	Place of registration of the Company, its registration number and legal entity identifier ('LEI')	1.1.4
4.3	Date of incorporation and length of life of the Company	1.1.5
4.4	Domicile and legal form of the Company, the legislation under which the Company operates, its country of incorporation, the address, telephone number of its registered office and website of the Company	1.1.2/1.1.3

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
5	**BUSINESS OVERVIEW**	
5.1	Principal activities	
5.1.1	Description of the Company's operations and principal activities	1.4
5.1.2	Significant new products and/or services that have been introduced	1.4
5.2	Principal markets	1.4/5.3 (see notes 5.1, 5.2 and 6 to the consolidated financial statements)
5.3	Important events in the development of the Company's business	1.4
5.4	Strategy and objectives	1.4
5.5	Extent (if any) to which the Company is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	3.1.1.2/1.8.2
5.6	Basis for any statements made by the Company regarding its competitive position	1.4 (footnotes)
5.7	Investments	
5.7.1	Material investments of the Company for each financial year for the period covered by the historical financial information up to the date on which the Universal Registration Document was filed	1.7/1.8.1
5.7.2	Material investments of the Company that are in progress or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external)	1.7/1.8 and 5.3 (see note 5.2 to the consolidated financial statements)
5.7.3	Joint ventures and undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	-
5.7.4	Environmental issues that may affect the Company's utilisation of its property, plant and equipment	-
6	**ORGANISATIONAL STRUCTURE**	
6.1	Brief description of the Group and the Company's position within the Group	1.3
6.2	List of the Company's significant subsidiaries	1.3

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
7	**OPERATING AND FINANCIAL REVIEW**	**5.2**
7.1	Financial position	
7.1.1	Fair review of the development and performance of the Company's business as a whole, and of its position for each year and interim period for which historical financial information is required, including the causes of material changes	5.2.1/5.2.2
7.1.2	Indications of: a) the Company's likely future development b) activities in the field of research and development	6.2
7.2.1	Significant factors materially affecting the Company's income from operations	5.2.1/5.2.2
7.2.2	Explanation of changes in sales or revenues	5.2.1/5.2.2
8	**CAPITAL RESOURCES**	
8.1	Information concerning capital resources	5.3 (see note 26 to the consolidated financial statements)
8.2	Sources and amounts of the Company's cash flows	5.3 (see note 25 to the consolidated financial statements)
8.3	Information on the Company's borrowing requirements and funding structure	5.3 (see note 28 to the consolidated financial statements)
8.4	Any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Company's operations	5.3 (see note 26 to the consolidated financial statements)
8.5	Anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	1.8.2
9	**REGULATORY ENVIRONMENT**	
9.1	Regulatory environment that the Company operates in and that may materially affect its business – Any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Company's operations	1.5
10	**TREND INFORMATION**	
10.1	Provide a description of: a) the most significant recent trends affecting the business since the end of the last financial year b) any major change in the financial performance of the Group since the end of the last financial period, or provide an appropriate negative statement	6.1
10.2	Known trends, uncertainties, constraint, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year	6.1.3

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
11	**PROFIT FORECASTS OR ESTIMATES**	
11.1	Any published profit forecast or profit estimate (which is still outstanding and valid) If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, provide a statement to that effect	6.3
11.2	This new profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the Company has based its forecast or estimate	-
11.3	Statement that the profit forecast or estimate has been compiled and prepared on a basis which is both: a) comparable with the historical financial information b) consistent with the Company's accounting policies	-
12	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**	
12.1	Information on members of the administrative and management bodies	2.2/2.3/2.4
12.2	Conflicts of interests and/or other duties Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 12.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management Details of any restrictions agreed by the persons referred to in item 12.1 on the disposal within a certain period of time of their holdings in the Company's securities	2.3
13	**REMUNERATION AND BENEFITS**	
13.1	Remuneration of senior executives and members of the Board of Directors and Supervisory Board	2.5/2.6
13.2	Provisions for pension, retirement or similar benefits	2.5/2.6
14	**BOARD PRACTICES**	
14.1	Date of expiry of the current term of office	2.2.2.1
14.2	Service contracts	2.3.2/2.7
14.3	Information about the Company's Audit Committee and Remuneration Committee	2.2.3
14.4	Compliance with the corporate governance regime(s) applicable to the Company	2.2.5
14.5	Potential material impacts on corporate governance, including future changes in the composition of the Board and the Board Committees	2.2.2.1.C

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
15	**EMPLOYEES**	
15.1	Number of employees: breakdown of persons employed by main category of activity and geographic location; temporary employees	4.1/4.4.1
15.2	Shareholdings and stock options With respect to each person referred to in points a) and d) of the first sub-paragraph of item 12.1, provide information as to their share ownership and any options over such shares in the Company as of the most recent practicable date	2.2.2.1/2.5.2.2/2.8.9
15.3	Arrangements for involving employees in the Company's capital	2.8.9/4.3.1.1
16	**MAJOR SHAREHOLDERS**	
16.1	Notifiable shareholdings	2.8.8.2
16.2	Voting rights of major shareholders	2.8.8.5
16.3	Control of the Company: nature of such control	2.8.8
16.4	Arrangements, the operation of which may result in a change in control of the Company	2.8.8
17	**RELATED PARTY TRANSACTIONS**	
17.1	Details of related-party transactions	2.3.2/2.7/5.3 (see note 35 to the consolidated financial statements)

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
18	**FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**	
18.1	Historical financial information	1.6/5.1.1/5.3 (note 39) and 5.5
18.2	Interim and other financial information	
18.3	Auditing of historical annual financial information	
18.3.1	Auditing of historical annual financial information	5.6/5.7
18.3.2	Other information audited by the Statutory Auditors	5.8/7.2
18.3.3	Financial information not taken from the Company's audited financial statements	-
18.4	Pro forma financial information	-
18.5	Dividend policy	5.1
18.5.1	Description of the Company's policy on dividend distributions and any restrictions thereon	5.1.2
18.5.2	Amount of the dividend per share adjusted, where the number of shares in the Company has changed, to make it comparable	5.1.1
18.6	Legal and arbitration proceedings (last twelve months)	5.3 (note 34)
18.7	Significant change in the Company's financial position which has occurred since the end of the last financial period	6.1.2

[1] Refers to chapter and section numbers of the Universal Registration Document.

Information		Section no.[1]
19	**ADDITIONAL INFORMATION**	
19.1	Share capital	2.8
19.1.1	Authorised capital, subscribed capital	2.8.1/2.8.4
19.1.2	Shares not representing capital	-
19.1.3	Shares in the Company held by the Company itself or by its subsidiaries	2.8.2
19.1.4	Convertible securities, exchangeable securities or securities with warrants attached	2.8.3
19.1.5	Terms of any acquisition rights and/or obligations over authorised but unissued capital, or an undertaking to increase the capital	-
19.1.6	Any capital of any member of the Group which is under option	2.8.7
19.1.7	A history of share capital	2.8.1
19.2	Memorandum and Articles of Association	2.10.1
19.2.1	Corporate purpose	2.10.1
19.2.2	Rights, preferences and restrictions attached to each class of the existing shares	2.10.1
19.2.3	Provisions of the Company's Articles of Association, charters or rules that would have an effect of delaying, deferring or preventing a change in control of the Company	2.10.1/2.10.2
20	**MATERIAL CONTRACTS**	**1.8**
20.1	Material contracts (other than contracts entered into in the ordinary course of business) for the last two years	1.8
21	**DOCUMENTS AVAILABLE**	**7.4**

[1] Refers to chapter and section numbers of the Universal Registration Document.

8.4 CROSS-REFERENCE TABLE WITH THE NON-FINANCIAL STATEMENT

Content of the Non-financial statement (article L. 225-102-1 of the French Commercial Code)	Chapter of the Universal Registration Document
Business model	1.4 & 4.1
Analysis of main risks	4.3
Social impacts	4.3.1
Environmental impacts	4.3.2
Respect for human rights	4.3.3
Anti-corruption and tax-evasion initiatives	4.3.4 & 4.4.4
Impact on greenhouse gas emissions due to Company activity and to the use of the goods and services it produces	4.3.2.1
Measures in support of sustainable development	4.4.2
Measures in support of the circular economy	4.3.2.2
Measures to fight food wastage	4.3.2.2
Collective agreements signed by the Company and their impact on its economic performance, as well as employee health, safety and working conditions	4.4.1.A.2 & 4.4.1.A.3
Action taken to fight against discrimination and to promote diversity, and measures in support of people with disabilities	4.3.1.2
Other compulsory disclosures (agricultural and food legislation)	**Chapter of the Universal Registration Document**
Fight against food poverty, respect for animal welfare, and responsible, equitable and sustainable food	4.3.1.4