Lagardère

FULL-YEAR 2021 RESULTS

Paris, 17 February 2022, 7.30 a.m.

Lagardère group restores profitability in 2021, with a sharp increase in recurring EBIT to €249 million

Record year for Lagardère Publishing, with revenue up 8.1%[1], recurring EBIT at €351 million and an operating margin[2] of 13.5%

Flow-through ratio[3] of 11.8% for Lagardère Travel Retail, reflecting operational excellence in a volatile environment

Corporate cost reduction target achieved

Positive operating margin and strong cash generation for the Group in 2021, driving a €198 million reduction in net debt

Proposed ordinary dividend of €0.50 per share[4]

Following an exceptional performance in 2021 and amid a still-uncertain context in 2022, continued efforts to control costs and cash and focus on development opportunities

Key figures

The Group reported **revenue** of €5,130 million in 2021, up 18.6% versus 2020 on a like-for-like basis.

Group recurring EBIT was a positive €249 million in 2021 versus a negative amount of €155 million in 2020, a sharp €404 million improvement.
Lagardère Publishing posted record recurring EBIT of €351 million (versus €246 million in 2020) and Lagardère Travel Retail improved its recurring EBIT to a negative €81 million (from a negative €353 million in 2020).

The Group reported **profit before finance costs and tax** of €66 million in 2021 (loss of €549 million in 2020), including net non-recurring/non-operating expense of €184 million.

The **loss – Group share** came out at €101 million, versus a loss – Group share of €660 million in 2020.

At 31 December 2021, **the Group's free cash flow excluding changes in working capital** improved sharply, amounting to an inflow of €176 million compared to an outflow of €239 million in 2020.

Changes in working capital amounted to a positive €280 million in 2021, versus a negative €17 million in 2020.

Net debt fell to €1,535 million at 31 December 2021, from €1,733 million one year earlier, representing a leverage ratio (net debt/recurring EBITDA[5]) of 3.6x.

[1] Versus 2020 on a like-for-like basis.
[2] Recurring EBIT as a percentage of revenue, see Glossary for definition.
[3] Negative impact on recurring EBIT of the decrease in 2021 revenue versus 2019, see Glossary for definition.
[4] Subject to shareholder approval at the Annual General Meeting to be held on 22 April 2022.
[5] Alternative performance measure, see Glossary for definition.

On 16 February 2022, the Board of Directors met to approve the 2021 parent company and consolidated financial statements. The Group's consolidated financial statements have been audited. The audit report will be signed off once the specific verifications have been completed.

I. REVENUE AND RECURRING EBIT

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 difference between consolidated and like-for-like data is essentially attributable to a €29 million unfavourable currency impact, mainly in connection with the US dollar. The €78 million negative scope effect relates chiefly to the impact of the disposal of Lagardère Studios and the acquisitions of Workman Publishing and Laurence King Publishing.

	Revenue (€m)		Change vs. 2020 (%)		Change vs. 2019 (%)
	2020	**2021**	**reported**	**like for like**	**like for like**
Lagardère Publishing	2,375	2,598	+9.4	+8.1	+7.3
Lagardère Travel Retail	1,720	2,290	+33.1	+34.3	-46.1
Other Activities*	229	242	+5.7	+6.9	-15.2
Target scope	**4,324**	**5,130**	**+18.6**	**+18.6**	**-26.5**
Non-retained scope**	115	-	N/A	-	-
LAGARDÈRE	**4,439**	**5,130**	**+15.6**	**+18.6**	**-26.5**

* *Lagardère News (*Paris Match, Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.*
*** Including Lagardère Studios and excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

GROUP RECURRING EBIT

Group recurring EBIT totalled €249 million, a €404 million improvement on the figure recorded in 2020.

	Group recurring EBIT (€m)		
	2020	**2021**	**Change**
Lagardère Publishing	246	351	+105
Lagardère Travel Retail	(353)	(81)	+272
Other Activities*	(47)	(21)	+26
Target scope	**(154)**	**249**	**+403**
Non-retained scope**	(1)	-	+1
LAGARDÈRE	**(155)**	**249**	**+404**

* *Lagardère News (*Paris Match, Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.*
*** Including Lagardère Studios and excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

● Lagardère Publishing

Revenue

Revenue totalled €772 million for fourth-quarter 2021, up 10.3% as reported and up 4.7% like for like. The difference is chiefly attributable to a €24 million positive scope effect linked to the acquisition of Workman Publishing, and to a €16 million positive currency impact resulting chiefly from the depreciation of the pound sterling.

Revenue came in at €2,598 million for full-year 2021, up 9.4% as reported and up 8.1% like for like. In a buoyant market context and on the back of successful publications for all ages in all geographic areas and market segments, the division's revenue rose to historic levels.

The figures below are presented on a like-for-like basis.

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 Griffon* – 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).

Recurring EBIT

Lagardère Publishing reported €351 million in recurring EBIT with an operating margin of 13.5%, up sharply by €105 million on 2020, a near-43% increase. This record margin was driven by business growth, a favourable sales mix and disciplined cost control.

● Lagardère Travel Retail

Revenue

Revenue totalled €749 million for fourth-quarter 2021, leaping by 97.1% as reported and by 94.1% like for like. The difference is attributable to a €11 million positive currency effect.

Revenue came in at €2,290 million for full-year 2021, up 33.1% as reported and up 34.3% like for like. The currency effect reduced revenue by €21 million.

The figures below are presented on a like-for-like basis.

In France, revenue for the division jumped by 25.7% year on year (55.4% lower than 2019) thanks 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 (50.5% lower than 2019) 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 (31.7% lower than 2019), driven by the recovery in domestic air traffic which gathered pace throughout the year.

Asia-Pacific revenue was up 28.7% year on year (43.6% lower than 2019), thanks to sharp 63.4% growth in China[6] 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.

[6] Mainland China and Hong Kong.

Recurring EBIT

Lagardère Travel Retail reported a negative €81 million in recurring EBIT, an improvement of €272 million on 2020, with the flow-through ratio[7] standing at 11.8% versus 2019 on a reported basis. The better-than-expected performance[8] 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**

Revenue

Revenue came in at €70 million for fourth-quarter 2021, up 7.7% as reported and up 11.2% like for like, with the scope effect linked to the sale of a local radio station in Germany.

Revenue totalled €242 million for full-year 2021, up 5.7% as reported and up 6.9% like for like compared to 2020.

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 EBIT

Other Activities posted negative recurring EBIT 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.

II. MAIN INCOME STATEMENT ITEMS

€m	2020	2021
Revenue	4,439	5,130
Group recurring EBIT	**(155)**	**249**
Income (loss) from equity-accounted companies*	(58)	1
Non-recurring/non-operating items	(319)	(159)
Impact of IFRS 16 on concession agreements**	(17)	(25)
Profit (loss) before finance costs and tax	**(549)**	**66**
Finance costs, net	(76)	(64)
Interest expense on lease liabilities	(74)	(68)
Profit (loss) before tax	**(699)**	**(66)**
Income tax benefit (expense)	31	(22)
Profit (loss) from discontinued operations	(20)	2
Profit (loss) for the year	**(688)**	**(86)**
Minority interests	(28)	**15**
Profit (loss) – Group share	**(660)**	**(101)**

** Before impairment losses.*
*** Including gains and losses on leases.*

[7] Negative impact on recurring EBIT of the decrease in 2021 revenue versus 2019, see Glossary for definition.
[8] The anticipated 2021 flow-through ratio was "within a range of 12% to 15%" (see third-quarter 2021 revenue release, dated 28 October 2021).

Income from equity-accounted companies 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, particularly Société de Distribution Aéroportuaire, Relay@ADP and Lagardère & Connexions.

Non-recurring/non-operating items amounted to a net expense of €159 million for the year, compared to €319 million in 2020, and included:

- €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 by Lagardère Publishing.

The application of **IFRS 16 on concession agreements** (including gains and losses on leases) had a €25 million negative impact, of which a negative €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 some of the reductions in fixed lease payments negotiated in 2021.

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 resulted from the decrease in lease liabilities at Lagardère Travel Retail further to lease renegotiations.

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 in 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 **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.

Taking account of all these items, the loss for the year came out at €86 million, including €101 million attributable to the Group.

Profit attributable to minority interests was €15 million for 2021 versus a loss of €28 million in 2020. The year-on-year change chiefly reflects the sharp rebound in Lagardère Travel Retail's earnings.

ADJUSTED PROFIT (LOSS) – GROUP SHARE

Adjusted profit – Group share (excluding non-recurring/non-operating items) was €62 million, versus an adjusted loss – Group share of €330 million in 2020.

(€m)	2020	2021
Profit (loss) for the year	**(688)**	**(86)**
Restructuring costs	+55	+44
Gains/losses on disposals	+7	-17
Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies	+151	+17
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	+106	+115
Impact of IFRS 16 on concession agreements	+74	+78
Tax effects on the above items	-70	-58
Profit (loss) from discontinued operations	+20	-2
Adjusted profit (loss)	**-345**	**91**
o/w attributable to minority interests	+15	-29
Adjusted profit (loss) – Group share*	**(330)**	**62**

** Alternative performance measure, see definition at the end of the press release.*

III. OTHER FINANCIAL INFORMATION

CASH FLOW FROM (USED IN) OPERATIONS AND INVESTING ACTIVITIES

(€m)	2020	2021
Cash flow from (used in) operations before changes in working capital and income taxes paid	**(32)**	**337**
Changes in working capital	(17)	280
Income taxes paid	(38)	(38)
Cash flow from (used in) operations	**(87)**	**579**
Purchases/disposals of property, plant and equipment and intangible assets	(169)	(123)
Free cash flow*	**(256)**	**456**
*o/w free cash flow excluding changes in working capital**	(239)	176
Purchases of investments	(36)	(279)
Disposals of investments	101	89
Cash flow from (used in) operations and investing activities	**(191)**	**266**

** Alternative performance measure, see definition at the end of the press release.*

Cash flow from operations amounted to an inflow of €337 million, versus an outflow of €32 million in 2020.

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.

Purchases and disposals of property, plant and equipment and intangible assets represented a net outflow of €123 million. Purchases totalled €136 million, a considerable €34 million less than in 2020. The reduction chiefly concerned Lagardère Travel Retail (€29 million), which strictly controlled investment expenditure amid the volatile environment. Investments at Lagardère Travel Retail amounted to €92 million, mainly reflecting investments in IT systems and expansion in China. The bulk of the balance reflected the €38 million in outflows at Lagardère Publishing, which invested in logistics and information systems projects.

The **Group's free cash flow** amounted to an inflow of €456 million in 2021, versus an outflow of €256 million in 2020. This sharp improvement is mainly the result of the more favourable business environment and positive working capital dynamic over the period.

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 the Société de Distribution Aéroportuaire joint venture 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 investments** amounted to €89 million, and mainly included the collection of the balance of the AFC loan (disposal of Lagardère Sports at Other Activities), and the divestments of interests in 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.

IV. LIQUIDITY

The Group's liquidity position is solid, with €2,039 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €937 million and an undrawn amount on the revolving credit facility of €1,102 million).
The covenants of the revolving credit facility were therefore met at 31 December 2021.

V. KEY EVENTS SINCE 28 OCTOBER 2021

Full early repayment of €465 million state-backed loan
On **8 December 2021**, in line with its active and prudent financing policy, Lagardère SA repaid the full amount outstanding under the €465 million government-backed loan granted on 31 December 2020.
The repayment was made primarily using the remaining proceeds of the €500 million bond issue maturing in 2027, which was successfully placed in October 2021.

Vivendi SE brings forward the acquisition of Amber Capital's entire interest in Lagardère SA and the launch of a public tender offer
The Company duly acknowledged the **9 December 2021** announcement by Vivendi SE of its intention to bring forward the process of acquiring Amber Capital's interest and the resulting launch of a mandatory tender offer, prior to obtaining the requisite regulatory clearance, in particular from the European Commission and ARCOM, the French broadcasting regulator (formerly CSA), it being specified that Vivendi will not exercise the voting rights attached to the shares acquired from Amber Capital or in the context of the public offer and will therefore hold 22.29% of the Company's theoretical voting rights until the competition authorities clear the takeover. Further the acquisition of Amber Capital's interest on **16 December 2021**, Vivendi SE confirmed that in February 2022, it would file a tender offer for all Lagardère SA shares at a price of €24.10 per share, corresponding to the price paid to Amber Capital.

The Board of Directors of Lagardère SA appoints an *ad hoc* Committee
On **17 December 2021**, in the context of the proposed takeover bid announced by Vivendi SE, the Board of Directors of the Company appointed an *ad hoc* Committee from among its members, comprising: Véronique Morali, independent member, also appointed Committee Chair; Valérie Bernis, independent member; Nicolas Sarkozy, independent member; Pascal Jouen, member representing employees; and Arnaud Lagardère, Chairman and Chief Executive Officer of the Company. Pierre Leroy, Board Advisor, also takes part in meetings of the *ad hoc* Committee in an advisory capacity.
In accordance with the regulations in force, the *ad hoc* Committee is responsible for monitoring the process, and will notably assist the Board of Directors in preparing the reasoned opinion on the offer that it will be required to issue at the appropriate time, to be included in the Company's draft offer document in response to be filed with the French financial markets authority (*Autorité des marchés financiers* – AMF).

Lagardère Publishing's raises profitability outlook for full-year 2021
On **20 December 2021**, the Company raised the 2021 operating margin guidance for Lagardère Publishing to around 13.5% from its previous estimation of around 12%.
The upgrade was based on the expected impact of Lagardère Publishing's sales momentum and favourable sales mix on profitability being greater than previously anticipated in the context of the continuing health crisis.

Appointment of Eight Advisory as independent expert to the Board of Directors of Lagardère SA
On **21 December 2021**, the Board of Directors of the Company decided, on the proposal of the Committee, to appoint the firm Eight Advisory as independent expert represented by Geoffroy Bizard, who is conducting the engagement with the support of Alexis Karklins-Marchay. The independent expert is tasked with drawing up a report including a fairness opinion on the financial terms and conditions of the proposed offer (in accordance with article 261-1 I of the General Regulation of the AMF). The *ad hoc* Committee is overseeing the independent expert's work.

Appointment of Pauline Hauwel as Group Secretary General
On **4 January 2022**, the Company announced the appointment of Pauline Hauwel as Group Secretary General, succeeding Pierre Leroy, who held the position in addition to his duties as Co-Managing Partner and then Deputy Chief Executive Officer.
Previously Deputy Secretary General, Pauline Hauwel reports to General Management and is overseeing the following corporate functions of Lagardère: governance, legal, corporate communications, CSR, risk, compliance and internal control, real estate, and IT.
She has been a member of the Executive Committee since 2021 and is currently Secretary to Lagardère SA's Board of Directors of Lagardère SA.

Cooptation of René Ricol as an independent director
At its meeting on **16 February 2022**, the Board of Directors, on the recommendation of the Appointments, Remuneration and CSR Committee, unanimously decided to co-opt René Ricol as an independent director, to replace Joseph Oughourlian.
All the directors are delighted to welcome on board René Ricol. His exceptional career, undeniable expertise, particularly in finance and strategy, and in-depth knowledge of the Lagardère group and its business sectors will be assets for the Board of Directors and for the Group as a whole.

VI. 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, are different for 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[9] 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[10] 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%[11], 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.

[9] Excluding the currency effect.
[10] Recurring EBIT as a percentage of revenue, see Glossary for definition.
[11] Negative impact on recurring EBIT of the decrease in 2022 revenue versus 2019.

- **Dividend**

Thanks to cost control efforts at the business and corporate levels and operating cash generation, the Group ended the year with liquidity of more than €2 billion.

On that basis and the excellent 2021 operating performance, the Board of Directors will submit a resolution to the Annual General Meeting of 22 April 2022, inviting the shareholders to approve an ordinary dividend of €0.50 per share for 2021.

VII. INVESTOR CALENDAR[12]

- **Annual General Meeting**: Friday, 22 April 2022 at 10:00 a.m. at Casino de Paris.
- **Ordinary dividend**: the ex-dividend date for the ordinary dividend (proposed at €0.50 per share) for 2021 is expected to be 25 April 2022, with a payment date as from 27 April 2022.
- **First-quarter 2022 revenue**: Tuesday, 26 April 2022, before market opening.
- **First-half 2022 results**: Wednesday, 27 July 2022, after market close.
- **Third-quarter 2022 revenue**: Thursday, 27 October 2022, after market close.

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VIII. APPENDICES

FOURTH-QUARTER 2021 REVENUE

	Revenue (€m)		Change vs. 2020 (%)	
€m	**Q4 2020**	**Q4 2021**	**reported**	**like for like**
Lagardère Publishing	700	772	+10.3	+4.7
Lagardère Travel Retail	380	749	+97.1	+94.1
Other Activities*	65	70	+7.7	+11.2
Target scope	**1,145**	**1,591**	**+39.1**	**+35.3**
Non-retained scope**	18	-	-	-
LAGARDÈRE	**1,163**	**1,591**	**+36.9**	**+35.3**

* *Lagardère News (*Paris Match, Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence), the Entertainment businesses, and the Group Corporate function.*
*** Including Lagardère Studios and excluding Lagardère Sports, classified as a discontinued operation in accordance with IFRS 5.*

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CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

Full-year 2021:

The difference between consolidated and like-for-like revenue data is attributable to a €29 million negative foreign exchange effect resulting from the depreciation of the US dollar (€47 million) and the appreciation of the pound sterling (€20 million), and to a €78 million negative scope effect, breaking down as:

[12] Dates susceptible to change.

- a €137 million negative scope impact from disposals, mainly concerning Lagardère Studios, finalised on 30 October 2020;
- a €59 million positive impact of external growth transactions, chiefly reflecting the acquisition of Workman Publishing and Laurence King Publishing.

IX. GLOSSARY

Lagardère uses alternative performance measures which serve as key indicators 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 in order to monitor the Group's operating performance, along with the financial metrics defined by the IASB. These indicators are calculated based on accounting items taken from the consolidated financial statements prepared under IFRS and a reconciliation with those items is provided in this press release, in the annual 2021 results presentation, or in the notes to the annual condensed consolidated financial statements.

➢ **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 in exchange rates.

The like-for-like change in revenue is calculated by comparing:
- revenue for the period adjusted for companies consolidated for the first time during the period and revenue for the prior-year period adjusted for consolidated companies divested during the period;
- revenue for the prior-year period and revenue for the current period adjusted based on the exchange rates applicable in the prior-year period.

The scope of consolidation comprises all fully-consolidated entities. Additions to the scope of consolidation correspond to business combinations (acquired investments and businesses), and deconsolidations correspond to entities over which the Group has relinquished 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).
The difference between reported and like-for-like figures is explained in section VIII – Appendices of this press release.

➢ **Recurring EBIT (Group recurring EBIT)**

The Group's main performance indicator is recurring operating profit of fully-consolidated companies (recurring EBIT), which is calculated as follows:

Profit (loss) before finance costs and tax
Excluding:
- Income (loss) from equity-accounted companies before impairment losses
- 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 finance sub-leases:
  - Cancellation of fixed rental expense* on concession agreements
  - Depreciation of right-of-use assets on concession agreements
  - Gains and losses on leases

* Cancellation of fixed rental expense on concession agreements is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

The reconciliation between recurring operating profit of fully consolidated companies (Group recurring EBIT) and profit before finance costs and tax is set out in the 2021 full-year results presentation.

➢ **Flow-through ratio**

Flow through is calculated by dividing the change in recurring operating profit of fully-consolidated companies (recurring EBIT) by the change in revenue. This indicator is used by the Group in the context of the Covid-19 pandemic to measure the effect of the decline in revenue compared with 2019 on recurring EBIT.

➢ **Operating margin**

Operating margin is calculated by dividing recurring operating profit of fully consolidated companies (Group recurring EBIT) by revenue.

➢ **Recurring EBITDA over a rolling 12-month period**

Recurring EBITDA is calculated as recurring operating profit of fully consolidated companies (Group recurring EBIT) plus dividends received from equity-accounted companies, less depreciation and amortisation charged against property, plant and equipment and intangible assets, amortisation of the cost of obtaining contracts, and the cancellation of fixed rental expense** on property and other leases, plus recurring EBITDA from discontinued operations.

** Cancellation of fixed rental expense on concession agreements is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

➢ **Adjusted profit (loss) – Group share**

Adjusted profit – Group share is calculated on the basis of profit for the period, excluding non-recurring/non-operating items, net of the related tax and of minority interests, as follows:

Profit (loss) for the year

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
- Specific major disputes unrelated to the Group's operating performance
- Tax effects of the above items
- Non-recurring changes in deferred taxes
- Items related to leases and finance sub-leases:
  - Cancellation of fixed rental expense*** on concession agreements
  - Depreciation of right-of-use assets on concession agreements
  - Interest expense on lease liabilities under concession agreements
  - Gains and losses on leases
- Adjusted profit attributable to minority interests: profit attributable to minority interests adjusted for minorities' share in the above items

= Adjusted profit – Group share

*** Cancellation of fixed rental expense on concession agreements is equal to the repayment of the lease liability, the associated change in working capital and interest paid in the statement of cash flows.

The reconciliation between profit and adjusted profit – Group share is set out in section II – Main income statement items of this press release.

➢ **Free cash flow**

Free cash flow is calculated as cash flow from operations before changes in working capital, the repayment of lease liabilities and related interest paid, changes in working capital and 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 operations and free cash flow is set out in section III – Other financial information of this press release.

➢ **Free cash flow excluding changes in working capital**

Free cash flow excluding changes in working capital is calculated by deducting changes in working capital from free cash flow.

➢ **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

The reconciliation between balance sheet items and net debt is set out in the 2021 results presentation.

***

A live webcast of the presentation of the full-year 2021 results will be available today at 10:00 a.m. (CET) on the Group's website (www.lagardere.com).

The presentation slides will be made available at the start of the webcast.

A replay of the webcast will be available online later in the afternoon.

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Created in 1992, 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 is structured around two priority divisions: Lagardère Publishing (Book and e-Publishing, Board Games and Mobile Games) and Lagardère Travel Retail (Travel Essentials, Duty Free & Fashion, Foodservice).
The Group's operating assets also include Lagardère News and Lagardère Live Entertainment.
Lagardère shares are listed on Euronext Paris.
www.lagardere.com

Important notice:
Some of the statements contained in this document are not historical facts but rather are statements of future expectations and other forward-looking statements that are based on management's beliefs. These statements reflect such views and assumptions prevailing as of the date of the statements and involve known and unknown risks and uncertainties that could cause future results, performance or future events to differ materially from those expressed or implied in such statements.
Please refer to the most recent Universal Registration Document filed in French by Lagardère SA with the Autorité des marchés financiers for additional information in relation to such factors, risks and uncertainties.
Lagardère SA has no intention and is under no obligation to update or review the forward-looking statements referred to above. Consequently, Lagardère SA accepts no liability for any consequences arising from the use of any of the above statements.

Press Contact

Ramzi Khiroun	Tel. +33 1 40 69 16 33	rk@lagardere.fr

Image 7 Contact

Anne Méaux	Tel. +33 6 89 87 61 76	

Investor Relations Contact

Emmanuel Rapin	Tel. +33 1 40 69 17 45	erapin@lagardere.fr