



Lagardère

FULL-YEAR 2022 RESULTS

Paris, 15 February 2023, 6:00 p.m.

Lagardère group delivers excellent results in 2022, with higher profitability than in 2019, thanks to the performance of its two core businesses

Consolidated revenue up sharply by 28.3%¹ to €6,929 million, and recurring EBIT at an impressive €438 million (versus €249 million in 2021)

Lagardère Publishing

Continued strong trading (down 1.9%¹) after an exceptional performance in 2021 and amidst a global market downturn

Recurring EBIT at €302 million and an operating margin² of 11% in line with the outlook and above historical levels

Acquisition of Paperblanks and publishers Welbeck Publishing Group and Bragelonne

Lagardère Travel Retail

Sharp 65.4%¹ growth driven by EMEA and North America operations

Swing back to profitability, with recurring EBIT of €136 million and exceptionally low flow through² of 4.9%

Acquisition of Creative Table Holdings Ltd, a Foodservice operator at Dubai airport

Awarded the tender to operate Duty Free & Fashion stores in Paris airports

Corporate cost reduction target achieved (€35 million reduction versus 2019)

Improvement in the leverage ratio (net debt/recurring EBITDA) to 2.9x (3.6x at end-2021)

Proposed ordinary dividend of €1.30 per share³

Arnaud Lagardère, Chairman and Chief Executive Officer of Lagardère SA, commented: *“The Lagardère group delivered a historic performance in 2022, reporting an improvement in all of its main financial indicators and confirming the relevance of the strategic refocusing carried out since 2012. Lagardère Travel Retail benefited from the rebound in tourist air traffic in Europe and North America, particularly in its Duty Free segment. After an exceptional performance in 2021, Lagardère Publishing managed to maintain a very high level of revenue, driven by the success of bestsellers in its various publishing houses. The Group’s Other Activities returned to growth, while Lagardère News held firm, reinventing itself in a changing market. Thanks to the hard work of all of our teams, we outperformed 2019 profitability and significantly improved our leverage ratio compared to 2021.”*

¹ Versus 2021 on a like-for-like basis (alternative performance indicator, see Glossary for definition).

² Recurring EBIT as a percentage of revenue (alternative performance measure, see Glossary for definition).

³ Subject to shareholder approval at the Annual General Meeting to be held on 18 April 2023.

Key figures

In 2022, Group **revenue** totalled €6,929 million, up 28.3% year on year on a like-for-like basis.

Group recurring EBIT totalled €438 million in 2022 versus €249 million in 2021, a sharp €189 million improvement. Recurring EBIT came to €302 million for Lagardère Publishing (versus €351 million in 2021), and €136 million for Lagardère Travel Retail (versus a negative €81 million in 2021).

The Group reported **profit before finance costs and tax** of €320 million in 2022 (versus €66 million in 2021), with non-recurring/non-operating items representing a net expense of €131 million.

Adjusted profit – Group share⁴ came out at €265 million, versus €62 million in 2021.

At 31 December 2022, the Group's **free cash flow excluding changes in working capital⁴** improved sharply, amounting to €294 million compared to €176 million in 2021.

Changes in working capital amounted to a negative €73 million in 2022, versus a positive €280 million in 2021.

Net debt⁴ rose to €1,713 million at 31 December 2022, from €1,535 million at 31 December 2021.

Despite the increase in net debt, the **leverage ratio (net debt/recurring EBITDA)** improved significantly⁴ to 2.9x from the end-2021 figure of 3.6x.

On 15 February 2023, the Board of Directors met to approve the 2022 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.

The Board of Directors has decided to propose to the Annual General Meeting of 18 April 2023, to approve an **ordinary dividend** of €1.30 per share for 2022.

I. REVENUE AND RECURRING EBIT

REVENUE

Revenue for the Lagardère group came in at €6,929 million for 2022, up 35.1% as reported and up 28.3% like for like. The difference between reported and like-for-like revenue is essentially attributable to a €243 million favourable currency effect (of which €194 million linked to the US dollar, €14 million to the Chinese yuan, €10 million to the Canadian dollar and €7 million to the pound sterling). The €109 million positive scope effect was mainly due to the acquisitions of Workman Publishing and Paperblanks at Lagardère Publishing, and of Dubai-based Creative Table Holdings Ltd at Lagardère Travel Retail.

	Revenue (€m)		Change vs. 2021 (%)	
	2021	2022	reported	like for like
Lagardère Publishing	2,598	2,748	+5.8%	-1.9%
Lagardère Travel Retail	2,290	3,927	+71.5%	+65.4%
Other Activities*	242	254	+4.6%	+5.1%
LAGARDÈRE	5,130	6,929	+35.1%	+28.3%

* Lagardère News (Paris Match, Le Journal du Dimanche, JDD Magazine, Europe 1, Europe 2, RFM and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function.

⁴Alternative performance measure, see Glossary for definition.

GROUP RECURRING EBIT

Group recurring EBIT totalled €438 million, a €189 million improvement on the figure recorded in 2021.

	Group recurring EBIT (€m)		
	2021	2022	Change
Lagardère Publishing	351	302	-49
Lagardère Travel Retail	(81)	136	+217
Other Activities*	(21)	-	+21
LAGARDÈRE	249	438	+189

* Lagardère News (Paris Match, Le Journal du Dimanche, JDD Magazine, Europe 1, Europe 2, RFM and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function.

● Lagardère Publishing

Revenue

Revenue came in at **€2,748 million for full-year 2022**, up 5.8% as reported and down 1.9% like for like. The difference between reported and like-for-like revenue is attributable to a €87 million positive currency effect and a €113 million positive scope effect.

Amid a market downturn and high inflation, Lagardère Publishing maintained a very high level of like-for-like revenue.

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

In France, revenue contracted by 5.8% in a declining market, reflecting a softer performance from the General Literature segment, due to a lighter release schedule in the wake of exceptional results in 2021. In the Illustrated Books segment, the recovery in tourism and the success of Children and Young Adult bestsellers *Captive* by Sarah Rivens and *Heartstopper* by Alice Oseman did not fully offset the absence of a new Asterix album in 2022 (latest release in fourth-quarter 2021). Sales in Education were also down due to lower public funding and a sluggish extra-curricular book segment.

In the United Kingdom, the activity grew by 3.4% in a slightly declining market. The success of the Adult Trade segment mainly reflected the year-round sales of bestsellers (Colleen Hoover's *Verity* and Ali Hazelwood's *The Love Hypothesis*) that are hugely popular on TikTok. Business was also supported by a good backlist performance, with the *Heartstopper* series (adapted on Netflix) and Delia Owens' *Where the Crawdads Sing*, with a movie adaptation released in July. International activity also advanced, fuelled by the success of high-profile titles on social networks in Australia and New Zealand, and by a strong recovery in India.

Revenue in the United States was down 2.2% in a sharply declining market. Bestseller sales fuelled high activity levels in the first three quarters of 2022 thanks to the exceptional performance of Colleen Hoover's *Verity* and the success of James Patterson and Dolly Parton's *Run, Rose, Run*.

The activity in Spain/Latin America was up 7.2%. In Spain, sales were driven by the Education segment, with the start of a new cycle of curriculum reform. Revenue in the Trade segment remained steady despite the lack of new Asterix releases during the year, lifted by successful titles such as Ali Hazelwood's *La hipótesis del amor* and *Gravedad Zero* by Woody Allen. In Mexico, the activity is recovering after two very challenging years, with growth driven by higher sales of dictionaries and literature titles.

Revenue from Partworks was down 3.4%, due to a weaker contribution from backlist collections coupled with a slightly less dynamic launch campaign than in 2021.

In 2022, digital audiobooks accounted for 4.3% of Lagardère Publishing's total revenue (versus 3.8% in 2021), and e-books accounted for 7.8% of the division's total revenue, versus 7.7% one year earlier.

Recurring EBIT

Lagardère Publishing reported **€302 million in recurring EBIT**, down €49 million after the exceptional 2021 performance. The change is attributable in particular to lower like-for-like revenue levels in an unfavourable market context, as well as to the impact of acute inflationary pressure on production (paper, printing, etc.), freight and personnel costs. However, this was largely offset by gains from operational initiatives (including selling price increases) and an efficient cost control management. **Profitability came out at a highly satisfactory 11.0%, in line with the outlook and above the historical pre-Covid performance** (1.8 percentage points higher than in 2019).

● Lagardère Travel Retail

Revenue

Revenue came in at €3,927 million for full-year 2022, up 71.5% as reported and up 65.4% like for like (9.6% lower than in 2019). The difference between reported and like-for-like revenue is attributable to a €156 million positive currency effect and a €3 million negative scope effect.

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

Revenue in France jumped 75.7% on the back of soaring international air traffic, especially for European and transatlantic flights.

The EMEA region (excluding France) saw revenue surge 91.2% due to the strong rally in regional and international travel, particularly in Western Europe and Poland.

The Americas also recorded a strong 51.6% increase in revenue, with business in the United States surging by 39.1%, despite already having made major gains in 2021. Canada (up 223.6%) enjoyed an even more spectacular recovery, with health restrictions having hampered a portion of 2021. In 2022, the region also benefitted from the start-up of operations in Peru and Chile.

Asia-Pacific revenue contracted by 1.7%, due mainly to the zero-Covid policy in China preventing any recovery in Chinese domestic and international air passenger traffic.

Recurring EBIT

Lagardère Travel Retail reported €136 million in recurring EBIT, a €217 million improvement on the year-earlier figure. This performance reflects an exceptionally low flow-through ratio (impact of the decrease in revenue on recurring Ebit) of **4.9% versus 2019** as reported.

The very low flow-through ratio resulted from the combined impact of various factors during the year, including the continued implementation of the LEaP performance optimisation programme, the rollout of innovative commercial initiatives, adjustments to leases and to headcount in certain countries, point-of-sale operations aligned with traffic trends and one-off Covid-related assistance.

Fixed costs were slashed by €180 million in 2022 compared to 2019. One-off government and airport aid related to the health crisis amounted to almost €50 million in 2022.

● Other Activities

Revenue

Revenue totalled €254 million for full-year 2022, up 4.6% as reported and up 5.1% like for like compared to 2021.

Revenue growth was driven mainly by Lagardère Live Entertainment as it rebounded on the back of the reopening of live performance venues.

Lagardère News (down 2.8% versus 2021 on a like-for-like basis) saw its business affected by the decline in Radio revenue (down 7.1%) in the wake of lower audience figures, while the international Elle licencing business grew by 3.8%.

Recurring EBIT

Other Activities posted recurring EBIT at breakeven, representing a year-on-year improvement of €21 million that was mainly attributable to the healthier business environment and cost-cutting measures still in place.

Corporate costs were reduced significantly to €35 million for 2022 – half of the 2019 figure – following a further €10 million year-on-year decrease.

II. MAIN INCOME STATEMENT ITEMS

(€m)	2021	2022
Revenue	5,130	6,929
Group recurring EBIT	249	438
Income from equity-accounted companies	1	13
Non-recurring/non-operating items	(184)	(131)
<i>of which impact of IFRS 16 on concession agreements</i>	(25)	24
Profit before finance costs and tax	66	320
Finance costs, net	(64)	(74)
Interest expense on lease liabilities	(68)	(61)
Profit (loss) before tax	(66)	185
Income tax expense	(22)	(33)
Profit from discontinued operations	2	35
Profit (loss) for the year	(86)	187
Minority interests	15	26
Profit (loss) – Group share	(101)	161

Income from equity-accounted companies (before impairment losses) came in at €13 million in 2022, versus €1 million in 2021, amid the solid business recovery enjoyed by the Group's jointly-controlled entities, especially Société de Distribution Aéroportuaire, Relay@ADP and Lagardère & Connexions.

Non-recurring/non-operating items represented a net expense of €131 million, compared with a net expense of €184 million one year earlier, and mainly included:

- €9 million in impairment losses on property, plant and equipment and intangible assets, of which €8 million at Lagardère Travel Retail, mainly due to the non-renewal of certain concession agreements, especially in the United States;
- €115 million in amortisation of intangible assets and costs attributable to acquisitions and disposals, including €97 million for Lagardère Travel Retail, mainly relating to concession agreements in North America (Paradies Lagardère, HBF and Volo Volo), Italy (Rome airport and Airst) and Belgium (IDF); and €18 million for Lagardère Publishing, notably in connection with the amortisation of publishing rights in the United States and United Kingdom;
- €38 million in restructuring costs, including €34 million for Other Activities, mainly in connection with Vivendi SE's public tender offer and the planned transaction between Vivendi SE and Lagardère SA, and €4 million at Lagardère Publishing;
- €7 million in net gains on disposals, mainly due to the impact of the sale of Atticus at Lagardère Publishing and the reversal of the warranty provision relating to the sale of Lagardère Studios to Mediawan;
- €24 million resulting from the positive impact of applying IFRS 16 on concession agreements, of which €22 million at Lagardère Travel Retail (including gains and losses on leases). This impact includes the cancellation of the fixed rental expense for concession agreements and the depreciation of right-of-use assets.

Net finance costs amounted to €74 million in 2022, with the year-on-year increase reflecting a combination of the impairment recognised against investments in 2022 and non-recurring income from investments in 2021.

Interest expense on lease liabilities represented €61 million in 2022, versus €68 million in 2021, with the €7 million increase in this item reflecting a scope impact at Lagardère Travel Retail and the impact of the lease liabilities at amortised cost.

In 2022, **income tax expense** amounted to €33 million, an increase of €11 million compared to 2021, further to the business recovery across all geographic areas, except for China.

Profit from discontinued operations was €35 million, including the earn-out from the sale of Lagardère Sports, further to the settlement of the dispute with the Confederation of African Football.

Taking account of all these items, profit for the year came out at €187 million, of which €161 million attributable to the Group.

Profit attributable to minority interests was €26 million for 2022, versus profit of €15 million in 2021. The year-on-year change chiefly reflects the sharp rebound in Lagardère Travel Retail's earnings, particularly in the United States and Italy.

ADJUSTED PROFIT – GROUP SHARE

Adjusted profit - Group share (excluding non-recurring/non-operating items) totalled €265 million in 2022, versus adjusted profit - Group share of €62 million in 2021.

(€m)	2021	2022
Profit (loss) for the year	(86)	187
Restructuring costs	+44	+38
Gains/losses on disposals	-17	-7
Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies	+17	+9
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	+115	+115
Impact of IFRS 16 on concession agreements	+78	+23
Tax effects on the above items	-58	-32
Profit from discontinued operations	-2	-35
Adjusted profit	91	298
o/w attributable to minority interests	-29	-33
Adjusted profit - Group share	62	265

III. OTHER FINANCIAL INFORMATION

CASH FLOW FROM OPERATIONS AND INVESTING ACTIVITIES

(€m)	2021	2022
Cash flow from operations before changes in working capital and income taxes paid	337	524
Changes in working capital	280	(73)
Income taxes paid	(38)	(57)
Cash flow from operations	579	394
Purchases/disposals of property, plant and equipment and intangible assets	(123)	(173)
Free cash flow	456	221
<i>o/w free cash flow excluding changes in working capital</i>	176	294
Purchases of investments	(279)	(210)
Disposals of investments	89	45
Cash flow from operations and investing activities	266	56

Cash flow from operations amounted to €524 million, versus €337 million in 2021.

Changes in working capital represented an outflow of €73 million over the year, compared to an inflow of €280 million in 2021. The increase in working capital was attributable in particular to Lagardère Publishing, where trade payables were sharply lower year on year further to the particularly high levels of payables outstanding with third-party publishers in 2021, resulting from the exceptional business levels. Inventories also rose as a result of the need to secure supplies – particularly paper – and the rise in manufacturing costs. Changes in working capital at Lagardère Travel Retail was unfavorable, with lower levels of payables in 2022 and higher inventories in line with business growth.

Income taxes paid represented €57 million in 2022, €19 million higher than in 2021, due to stronger business levels in 2021 and 2022 and non-recurring tax refunds in 2021, mainly in the United States and Spain.

Taking account of the above items, **cash flow from operations** amounted to €394 million in 2022 compared to €579 million in 2021.

Acquisitions and disposals of property, plant and equipment and intangible assets represented a net outflow of €173 million over the year. Acquisitions increased by €50 million compared to the prior year, notably at Lagardère Travel Retail (€124 million) following the business recovery and the rollout of investment projects that had been postponed in light of the uncertain environment in 2021. The bulk of the balance was attributable to Lagardère Publishing (€48 million), which is investing in a transformation plan in France for its logistics and IT systems. In 2021, disposals of property, plant and equipment and intangible assets included the sale of Peak at Lagardère Publishing and the sale of the Matra MS670 vehicle, for a total of €13 million.

The **Group's free cash flow** amounted to €221 million in 2022, versus €456 million in 2021, with the sharp decrease mainly due to the unfavourable working capital dynamic over the year.

Purchases of investments amounted to €210 million in 2022, mainly corresponding to the acquisition of Creative Table Holdings Ltd and capital increases at Société de Distribution Aéroportuaire and Lagardère & Connexions (Lagardère Travel Retail), as well as to the acquisition of Paperblanks, Welbeck Publishing Group and Bragelonne (Lagardère Publishing). In 2021, purchases of investments amounted to €279 million, corresponding mainly to the acquisitions of Workman Publishing and Hiboutatillus at Lagardère Publishing, and the capital increase for Société de Distribution Aéroportuaire at Lagardère Travel Retail.

Disposals of investments totalled €45 million, and mainly included the sale of Atticus at Lagardère Publishing and the collection of a portion of the sum negotiated in the settlement with the Confederation of African Football. In 2021, disposals of investments included the collection of the balance of the vendor loan granted in connection with the Asian Football Confederation on the disposal of Lagardère Sports at Other Activities, and the sale of J'ai Lu and Glénat at Lagardère Publishing.

In all, **operations and investing activities** represented a net cash inflow of €56 million in 2022, versus €266 million in the same year-ago period.

IV. LIQUIDITY

The Group's liquidity position remains solid, with €1,893 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €851 million and an undrawn amount on the revolving credit facility of €1,042 million). **Leverage (net debt/recurring EBITDA) improved sharply year on year to stand at 2.9x.** The covenants of the revolving credit facility were therefore met at 31 December 2022.

As of 31 December 2022, **the Group considers that it has sufficient liquidity** to cover its financing requirements over the next 12 months, including both funding its operations and repaying €920 million in debt falling due (including €376 million in commercial paper and €350 million in bond debt).

Net debt increased to €1,713 million at 31 December 2022 from €1,535 million at 31 December 2021, mainly due to the increase in working capital and to acquisitions of long-term investments during the year. In April 2022, the revolving credit facility was extended until April 2024, with the option of a further extension until April 2026.

V. KEY EVENTS SINCE 27 OCTOBER 2022

Acquisition of Welbeck Publishing Group by Hachette UK

On 30 November 2022, Hachette UK, the UK subsidiary of Hachette Livre, acquired the entire share capital of the independent UK publisher Welbeck Publishing Group.

Acquisition of Marché International by Lagardère Travel Retail

On 16 November 2022, Lagardère Travel Retail signed an agreement with Carlton Holding AG to acquire 100% of the shares in Marché International AG, the holding company of the Marché group, a global Foodservice provider operating in travel and leisure locations. The acquisition was finalised in February 2023.

Proposed transaction between Lagardère SA and Vivendi SE

On 24 October 2022, Vivendi SE formally notified the European Commission of the proposed transaction with Lagardère SA.

On 30 November 2022, the European Commission opened an in-depth investigation into the potential effects of the proposed acquisition.

At of the date of this press release, the European Commission has until 23 May 2023 to take a decision.

It should be noted that the shares acquired by Vivendi SE from Amber Capital and in the public offer will not carry effective voting rights until the takeover is approved by the competition authorities, such that it can currently exercise only 38,387,791 voting rights representing approximately 22.81% of the total.

VI. 2023

Despite the uncertain economic environment, the Lagardère group remains confident in its ability to maintain a high level of results, thanks to the dynamism and responsiveness of its teams, and the diversified geographical presence of its two core businesses:

- Despite pressures on costs, Lagardère Publishing should maintain similar performances to 2022
- In a normalised environment, as global traffic continues to recover, Lagardère Travel Retail has potential for revenue and profitability growth, meeting LEAP initiatives.

VII. INVESTOR CALENDAR⁵

- **First-quarter 2023 revenue:** Tuesday, 18 April 2023 at 8:00 a.m.
- **Annual General Meeting:** Tuesday, 18 April 2023 at 10:00 a.m. at Casino de Paris.
- **Ordinary dividend:** the ex-dividend date for the ordinary dividend (proposed at €1.30 per share) for 2022 is expected to be 19 April 2023, with a payment date as from 21 April 2023.
- **First-half 2023 results:** Tuesday, 25 July 2023 at 5:35 p.m.

VIII. APPENDICES

FOURTH-QUARTER 2022 REVENUE

Revenue for Lagardère Publishing totalled €752 million in fourth-quarter 2022, down 2.6% as reported and down 8.1% like for like. The difference between reported and like-for-like data was attributable to a €21 million positive currency effect, mainly due to the appreciation of the US dollar (€24 million) – which largely offset the decline in the pound sterling (€3.5 million negative impact) – as well as to a €23 million positive scope effect.

Revenue for Lagardère Travel Retail totalled €1,093 million in fourth-quarter 2022, up 46.0% as reported and up 41.3% like for like. The difference between reported and like-for-like revenue is attributable to a €38 million positive currency effect resulting mainly from the appreciation of the US dollar (€32 million positive impact).

Revenue for Other Activities totalled €76 million in fourth-quarter 2022, up 7.2% as reported and up 6.8% like for like compared to the same year-ago period.

(€m)	Revenue (€m)		Change vs. 2021 (%)	
	Q4 2021	Q4 2022	reported	like for like
Lagardère Publishing	772	752	-2.6%	-8.1%
Lagardère Travel Retail	749	1,093	+46%	+41.3%
Other Activities*	70	76	+7.2%	+6.8%
LAGARDÈRE	1,591	1,921	+20.7%	+15.5%

* Lagardère News (Paris Match, Le Journal du Dimanche, JDD Magazine, Europe 1, Europe 2, RFM and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function.

⁵ Dates susceptible to change.

CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

Full-year 2022:

The difference between reported and like-for-like revenue data is attributable to a €243 million positive currency effect resulting mainly from the appreciation of the US dollar (€194 million), Chinese yuan (€14 million) and Canadian dollar (€10 million), as well as to a €109 million positive scope effect, breaking down as:

- a €123 million positive impact of external growth transactions chiefly reflecting the acquisitions of Workman Publishing and Paperblanks at Lagardère Publishing and of Dubai-based Creative Table Holdings Ltd for €22 million at Lagardère Travel Retail;
- a €14 million negative effect from disposals, mainly reflecting the creation of the joint venture incorporating Lagardère Travel Retail's activities in Australia and New Zealand, which was accounted for as a disposal.

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 full-year 2022 results presentation, or in the notes to the 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 before finance costs and tax

Excluding:

- Income 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 2022 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 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.

The calculation of recurring EBITDA is set out in the 2022 annual results presentation.

➤ **Adjusted profit – 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 2022 results presentation.

A live webcast of the presentation of the full-year 2022 results will be available today at 6:30 p.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 evening.

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 €6,929 million in 2022.

The Group focuses on three divisions: Lagardère Publishing (Book and e-Publishing, Board Games and Mobile Games), Lagardère Travel Retail (Travel Essentials, Duty Free & Fashion and Foodservice) and Lagardère News (Paris Match, Le Journal du Dimanche, JDD Magazine, Europe 1, Europe 2, RFM, and the Elle brand licence).

The Group's operating assets also include Lagardère Live Entertainment and Lagardère Paris Racing.

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.

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