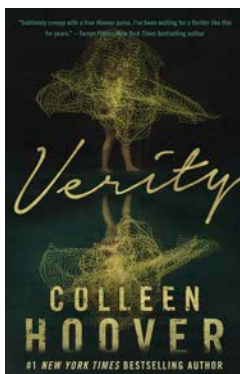




UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2022



Lagardère

UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

Fiscal Year 2022

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 14 March 2023 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.

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cross-referenced with the following symbol **AFR**

MESSAGE FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Ladies and Gentlemen, dear Shareholders,

Our Group delivered a historic performance in 2022, as we improved all of our main financial indicators, returned to decade-high profitability levels and significantly enhanced our leverage ratio compared to 2021. This excellent performance provides the strongest confirmation yet of the relevance of the strategic refocusing completed in 2020 within our two main business segments, Lagardère Publishing and Lagardère Travel Retail, as well as in media and entertainment.

After an exceptional year in 2021, and amid a global downturn in the publishing market and strong inflationary pressures, Lagardère Publishing managed to maintain very high levels of revenue and profitability, in line with the outlook and above historical levels. In particular, it capitalised on a number of successful bestsellers in France and abroad while managing the business rigorously. The external growth strategy in the core business of publishing and its adjacent markets continued apace with the acquisitions of Paperblanks, Welbeck Publishing Group and Bragelonne.

Another high point of 2022 was Lagardère Travel Retail's swing back to profitability on the back of the strong rebound in air traffic, which, together with its plan aimed at preserving cash flows and earnings, enabled it to achieve outstanding operating results. The global Lagardère Travel Retail network also continued to grow at a faster pace via major acquisitions in Foodservice, including Creative Table Holdings Ltd in Dubai and Marché International, the launch of operations in Latin America and the award of major tenders, including for the operation of Duty Free & Fashion stores in Paris airports.

The Group's Other Activities also got back on the path to growth in 2022. In a challenging and constantly changing market, Lagardère News has remained resilient and reinvented itself, for example with the launch of *JDD Magazine* and the continued growth of the Elle brand licensing business. Meanwhile, Lagardère Live Entertainment was boosted by the lifting of health restrictions, recording strong growth in its production and venue management activities.

Our CSR commitments were also strengthened in 2022. On the environmental front, we developed an ambitious and responsible pathway to reducing the Group's greenhouse gas emissions, with an action plan for each division. We also carried out a risk and opportunity analysis aimed at strengthening our business model's resilience in the face of climate challenges. And of course, the Group continued not only its other environmental initiatives (eco-design, reduction in use of plastics, conservation of natural resources) but also our initiatives promoting diversity, inclusion, gender equality and access to culture and entertainment for all, which are the cornerstones of our CSR strategy.

I am particularly pleased to have seen our unwavering commitment rewarded in 2022 with the Group placed fourth in the SBF 120 for the proportion of women on executive bodies, as well as ranking sixth in the Media category of S&P Global's Sustainability Yearbook 2023, which recognises the best-performing companies in terms of environmental, social and governance issues worldwide.

Once again, I would like to express my pride in and gratitude to the Group's 27,400 employees. The excellent financial and non-financial performances we enjoyed in 2022 are entirely down to their passion, commitment and talent. They are our most valuable assets and are more central to our strategy than ever, both in France and internationally. I am also proud to be able to count on the support of our principal shareholder, the Vivendi group and the Bolloré family, as we lead our Group to new heights.

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

Arnaud Lagardère

Chairman and Chief Executive Officer of Lagardère SA

LAGARDÈRE 2022 IN BRIEF

Created in 1992, Lagardère is an international group with operations in more than 40 countries worldwide. It employs some 27,400 people and generated revenue of €6,929 million in 2022.

The Group is structured around two priority divisions:

Lagardère Publishing is the world's third-largest book publisher for the general public and educational markets, and the leader in France. Alongside some 7,479 employees, it creates more than 15,000 original publications each year as well as contributing to their broader circulation by innovating with digital and mobile reading formats. Lagardère Publishing's activities also extend to adjacent businesses such as Board Games and Mobile Games.

Lagardère Travel Retail is the world's fifth-largest travel retail merchant and number two in airports, with operations in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice. Lagardère Travel Retail has 18,803 employees across an international network of more than 4,890 points of sale in around 1,000 airports and rail and urban transport stations.

The Group's business scope also comprises Lagardère News (*Paris Match*, *Le Journal du Dimanche*, *JDD Magazine*, Europe 1, Europe 2, RFM, and the Elle brand licence), Lagardère Live Entertainment (production of concerts and shows and venue management), and Lagardère Paris Racing (sports club).

Lagardère shares are listed on Euronext Paris.

1945 At the end of World War II, Marcel Chassagny founds Matra (Mécanique Aviation TRAction), a company focused on the defence industry.

1963 Jean-Luc Lagardère becomes Chief Executive Officer of Matra, which has diversified into aerospace and automobiles.

1974 Jean-Luc Lagardère is appointed Chief Executive Officer of Europe 1.

1980 Matra acquires the Hachette group, specialised in book publishing (Grasset, Fayard, Stock, etc.), magazines and newspapers (*Elle*, *Le Journal du Dimanche*, etc.) and distribution.

1981 Europe 1 is sold to the French State, which also acquires a 51% interest in Matra (excluding Hachette).

1986 Hachette regains control of Europe 1.

1988 Matra is privatised.

1992 Hachette is merged into Matra to form Matra-Hachette, and Lagardère Groupe, a French partnership limited by shares, is created as the umbrella company for the entire ensemble.

1996 Matra-Hachette is absorbed into Lagardère Groupe, which changes its name to Lagardère SCA.

1999 Aerospatiale Matra is created following the merger of Aerospatiale and Matra Hautes Technologies.

2000 The EADS consortium is formed following the merger of Aerospatiale Matra, CASA and DaimlerChrysler Aerospace.

2003 Jean-Luc Lagardère dies and Arnaud Lagardère is appointed Managing Partner of Lagardère SCA.

2004 The Group acquires a portion of Vivendi Universal Publishing's French and Spanish assets.

2011 The Group sells its international magazine operations.

2013 The Group divests its remaining interest in EADS.

2015-2022 The Group continues to expand its publishing and travel retail businesses in France and internationally.

2020 The Group completes the strategic refocusing, initiated in 2018, around two priority divisions – Lagardère Publishing and Lagardère Travel Retail – as well as Other Activities (Lagardère News, Lagardère Live Entertainment and Lagardère Paris Racing).

2021 Lagardère SCA is converted into a French joint-stock company (*société anonyme*) and a new governance structure is implemented. Arnaud Lagardère is appointed Chairman and Chief Executive Officer, and Pierre Leroy Deputy Chief Executive Officer.

2022 A friendly public tender offer is filed by Vivendi SE for Lagardère SA. The Group continues to pursue its international growth strategy for its two priority divisions.

Lagardère

Lagardère PUBLISHING



Lagardère TRAVEL RETAIL



Lagardère NEWS



Lagardère LIVE ENTERTAINMENT



Lagardère

Revenue

€6,929 million

International footprint

Over 40 countries

Group recurring EBIT

€438 million

Consolidated subsidiaries

496

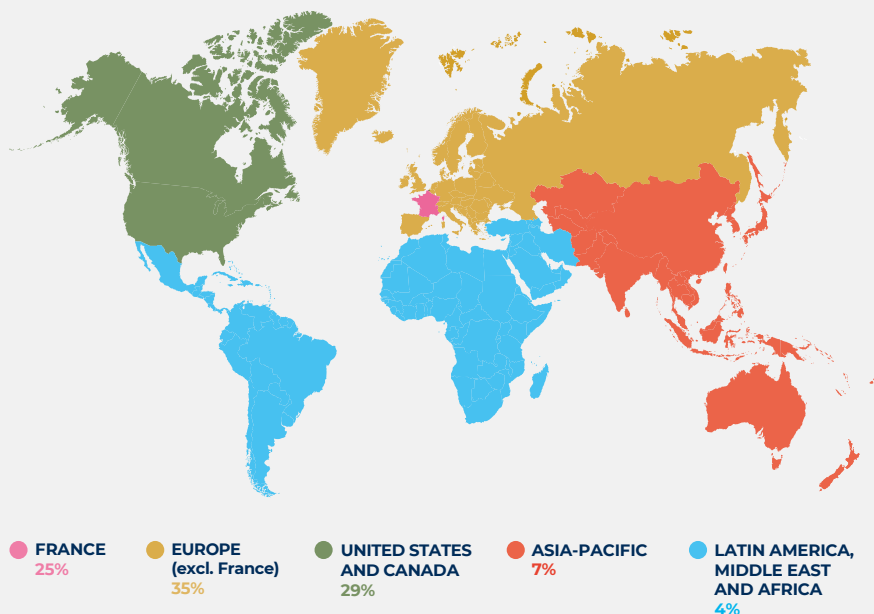
Free cash flow

€221 million

Employees

27,400

REVENUE BY GEOGRAPHIC AREA

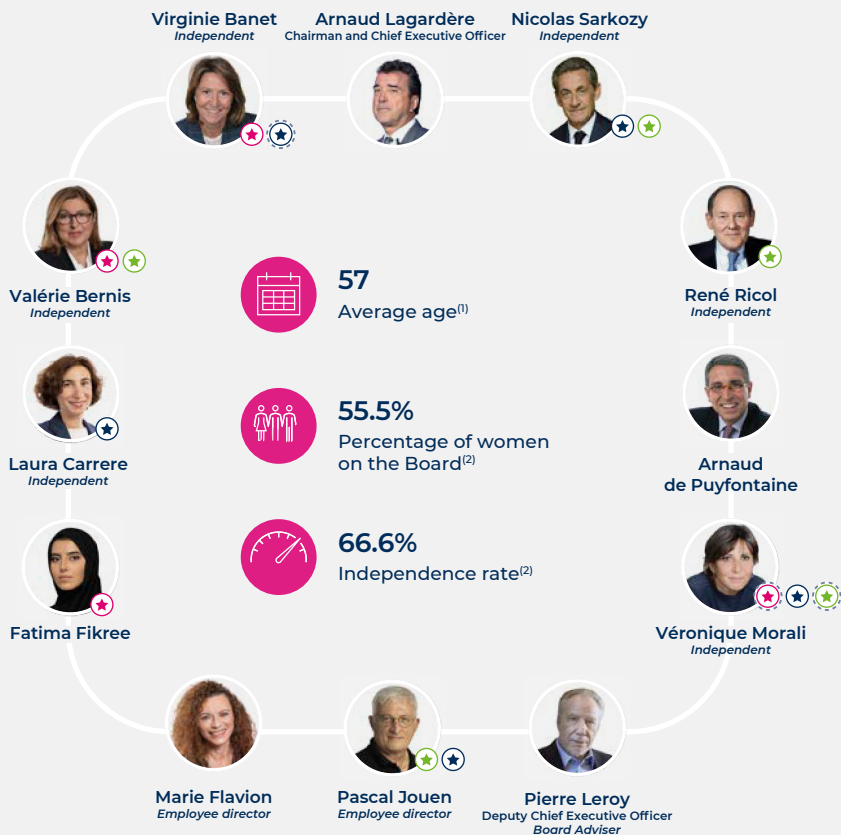


REVENUE BY BUSINESS



2022 GOVERNANCE

BOARD OF DIRECTORS

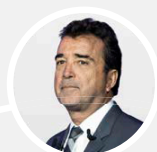


Audit Committee members
 Appointments, Remuneration and CSR Committee members
 Ad hoc Committee members
 Committee Chair

(1) Excluding Board Advisor.

(2) Excluding Board Advisor and employee directors.

EXECUTIVE COMMITTEE



ARNAUD LAGARDÈRE

Chairman and Chief Executive Officer, Lagardère SA



PIERRE LEROY

Deputy Chief Executive Officer, Lagardère SA
Chairman and Chief Executive Officer, Hachette Livre



CONSTANCE BENQUÉ

Chair,
Lagardère News



PAULINE HAUWEL

Secretary General
of the Lagardère group



DAG RASMUSSEN

Chairman and
Chief Executive Officer,
Lagardère Travel Retail



SOPHIE STABILE

Chief Financial Officer
of the Lagardère group

CSR SCORECARD

COMMITMENTS		2022 ACCOMPLISHMENTS					
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND	Limiting the environmental impact of our products and services <table><tr><td>Reducing our carbon footprint</td><td>Fighting food waste</td></tr><tr><td>Responsible paper procurement</td><td>Reduced use of plastic, eco-design</td></tr></table>	Reducing our carbon footprint	Fighting food waste	Responsible paper procurement	Reduced use of plastic, eco-design	99% of the paper purchased and supplied is certified and/or recycled 4.2 tCO₂eq. per ETP (Scopes 1 & 2, and partially, Scope 3) 65% of Foodservice revenue was in countries that have a waste measurement system and run food waste reduction initiatives 95% of Foodservice revenue was in countries that have switched to responsible consumables and eliminated single-use plastic consumables	ENVIRONMENT
Reducing our carbon footprint	Fighting food waste						
Responsible paper procurement	Reduced use of plastic, eco-design						
3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 10 DECENT WORK AND ECONOMIC GROWTH	Placing people at the heart of our strategy <table><tr><td>Gender balance</td><td>Talent engagement and retention</td></tr><tr><td colspan="2">Diversity and inclusion</td></tr></table>	Gender balance	Talent engagement and retention	Diversity and inclusion		45% of top executives are women 31% of managers have taken diversity training More than 300,000 training hours were logged Group-wide Some 15,000 permanent staff recruited	PEOPLE
Gender balance	Talent engagement and retention						
Diversity and inclusion							
2 ZERO WASTE 4 QUALITY EDUCATION	Widely sharing the social and cultural diversity of our businesses <table><tr><td>Access to knowledge and entertainment</td><td>Education on sustainable development issues</td></tr><tr><td colspan="2">Community involvement</td></tr></table>	Access to knowledge and entertainment	Education on sustainable development issues	Community involvement		99% of our digital books are accessible to people with disabilities The Hachette Foundation for Reading was launched Lagardère News signed the Media Climate Pact Over 300 pages of green content published (<i>Paris Match</i> and <i>Le Journal du Dimanche</i>) 351 awards handed out by the Jean-Luc Lagardère Foundation since 1990	SOCIETY
Access to knowledge and entertainment	Education on sustainable development issues						
Community involvement							
8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Ensuring ethical and responsible corporate governance <table><tr><td>Duty of care across the value chain</td><td>Preventing corruption</td></tr><tr><td colspan="2">Personal data protection</td></tr></table>	Duty of care across the value chain	Preventing corruption	Personal data protection		An Anti-corruption Code of Conduct drafted 50% of expenditure related to suppliers presenting high CSR risks as assessed by EcoVadis	ETHICS
Duty of care across the value chain	Preventing corruption						
Personal data protection							



The Lagardère group ranks **4th** in the **SBF 120** for the proportion of women on executive bodies



Lagardère News' CSR performance recognised by **EcoVadis**



For the 5th year in a row, the Lagardère group made the **S&P Global Sustainability Yearbook**



Awarded "2022 ESG Industry Top Rated" and "2022 ESG Regional Top Rated" by **Sustainalytics** (retail industry)

MOODY'S | ESG Solutions

VigeoEiris: ranked 2nd in the publishing industry



NO. 3 CONSUMER PUBLISHING GROUP WORLDWIDE
NO. 1 PUBLISHING GROUP IN FRANCE
NO. 1 PUBLISHER OF PARTWORKS WORLDWIDE

Revenue

€2,748 million



Recurring EBIT

€302 million



Employees

7,479



OVER 200
PUBLISHING BRANDS

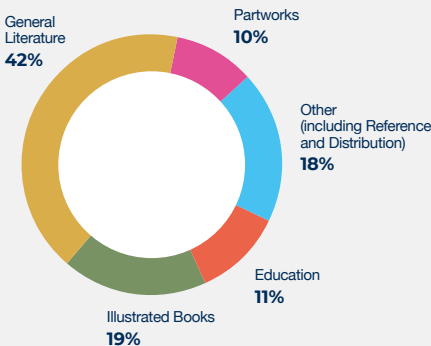


OVER 120,000
TITLES IN DIGITAL FORMAT

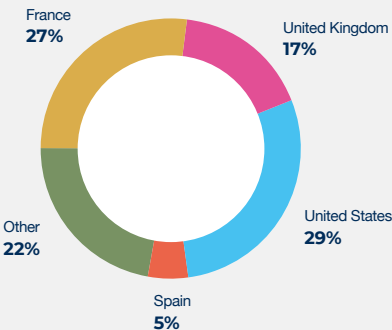


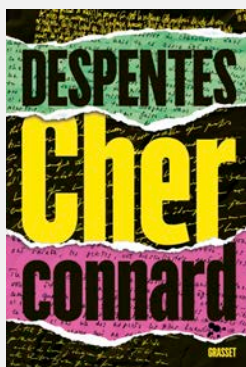
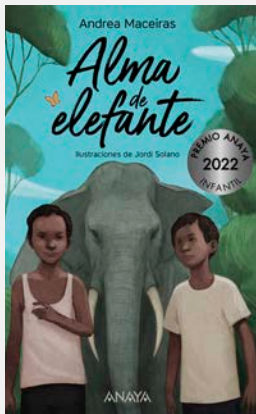
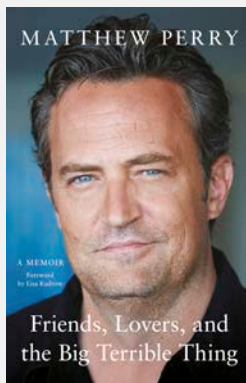
OVER 15,000
NEW RELEASES

REVENUE
BY BUSINESS



REVENUE
BY GEOGRAPHIC AREA







NO. 2 OPERATOR IN AIRPORT TRAVEL RETAIL WORLDWIDE
NO. 1 OPERATOR IN TRAVEL ESSENTIALS WORLDWIDE
NO. 1 TRAVEL RETAIL OPERATOR IN FRANCE

Revenue

€3,927 million



Recurring EBIT

€136 million



Employees

18,803



OPERATIONS IN
280 AIRPORTS



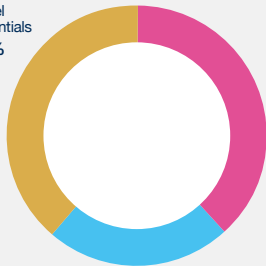
OPERATIONS IN **700** RAIL AND URBAN
TRANSPORT STATIONS



OVER 4,890
STORES AND RESTAURANTS

**REVENUE
BY BUSINESS**

Travel
Essentials
39%



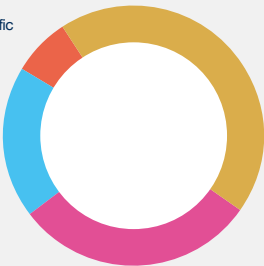
Duty Free
& Fashion
38%

Foodservice
23%

**REVENUE
BY GEOGRAPHIC AREA**

Asia-Pacific
7%

France
19%



Europe
(excl. France),
Middle East
and Africa
44%

Americas
30%



Quick'n Easy (Belgium).



Bound (Australia).



Relay Next Generation (France).



Fantástico Perú (Peru).



Future is Local (Czech Republic).



3 RADIO STATIONS

2 PRESS TITLES

1 GLOBAL PRESS BRAND



5 MILLION
LISTENERS⁽¹⁾
DAILY



3.5 MILLION
READERS⁽²⁾
WEEKLY



9.4 MILLION
UNIQUE VISITORS⁽³⁾
ON DIGITAL PLATFORMS



(1) Source: Médiamétrie EAR National, 13 years and older, Monday-Friday, 5 a.m.-midnight, Europe 1, Europe 2 and RFM, September-October 2022, cumulative audience.

(2) Source: ACPM One Next 2022 S2/ACPM Brand One Next Global 2022 S2.

(3) Source: Médiamétrie NetRatings, total Internet audience in France, November 2022, unduplicated audience: Europe 1 (B), Le Journal du Dimanche (B), Paris Match (B), Europe 2 (B), RFM (B), basis: 2 years and older.



4 PERFORMANCE VENUES

over 1 million FANS
ATTENDED PERFORMANCES
ACROSS OUR 4 VENUES

over 1 million FANS
CAME TO SEE ACTS ON TOUR



Arkéa Arena (France).



13,000 MEMBERS

7 HECTARES OF LAND

44 TENNIS COURTS

2 SWIMMING POOLS
(INCLUDING 1 OLYMPIC-SIZE)



La Croix Catelan (France).

MILESTONES

JANUARY 2022

- Hachette UK acquires Paperblanks, the world's second-largest premium stationery brand.
- Lagardère Travel Retail's Latin America operations are launched in Peru.

FEBRUARY 2022

- Hachette Livre acquires Bragelonne, the leading French publisher of fantasy literature, and takes a majority stake in La Boîte de Jeu.
- Lagardère Travel Retail acquires the Foodservice activities of HWH (Creative Table Holdings Ltd) in the Middle East.

MARCH 2022

- The first Aelia Duty Free eco-store is opened at Geneva airport in Switzerland.
- Lagardère Travel Retail launches catering operations in Chile.

APRIL 2022

- The Hachette Foundation for Reading is launched, chaired by Pierre Leroy (Chairman and Chief Executive Officer of Hachette Livre).
- Lagardère Travel Retail announces a global action plan to cut greenhouse gas emissions.
- Lagardère News receives a gold medal for its CSR performance from EcoVadis.

MAY 2022

- The Board of Directors of Lagardère SA considers a project to confirm the autonomy of the Group's radio unit.
- Lagardère Paris Racing hosts the first Lagardère Trophy, a professional women's tennis tournament (WTA 125), at its Croix Catelan site in Paris (France).

JUNE 2022

- The friendly public tender offer filed by Vivendi SE, which holds 57.35% of the share capital of Lagardère SA, closes.

JULY 2022

- Lagardère Travel Retail wins the tender for the new Extime Duty Free joint venture with the ADP group in France.

OCTOBER 2022

- Lagardère News launches the *JDD Magazine*, a monthly literary and investigative magazine.

OCTOBER-NOVEMBER 2022

- Hachette Livre's publishing houses win 55 literary awards in France.

NOVEMBER 2022

- Lagardère Travel Retail reaches an agreement to acquire the Foodservice operations of Marché International.
- Hachette UK acquires Welbeck Publishing Group.
- The first Maison Elle is opened in Paris (France), designed in association with the Valotel hotel group.
- The Lagardère group ranks 4th in the SBF 120 for the proportion of women on executive bodies, with an overall score of 88.71/100.

DECEMBER 2022

- Hachette Livre launches its decarbonisation "30/30 strategy".

JANUARY 2023

- Europe 2 returns to the airwaves as a pop rock music station.

FEBRUARY 2023

- The Lagardère group makes the S&P Global Sustainability Yearbook for the fifth year in a row.



OVERVIEW OF THE GROUP

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Items appearing in the Annual Financial Report are cross-referenced with the following symbol AFR

1.1 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 the Lagardère group absorbed Matra Hachette and adopted its former name of "Lagardère SCA", which was changed to "Lagardère SA" upon the Company's conversion to a French joint-stock company (*société anonyme*) in June 2021.

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:

The 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'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 (since renamed Airbus Group SE) in which Lagardère indirectly held an interest of approximately 15%.

This stake was reduced to 7.5% in 2009 and the entire remaining interest was then sold in April 2013. 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 in 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. This process notably involved:
 - sale of the International Magazine Publishing business to Hearsst 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 Book,
- the acquisitions in 2016 and 2017 of US publishing group Perseus Books, leading UK e-book publisher Bookouture, and Summersdale, a UK publishing house,
- the acquisitions in 2020 and 2021 of UK-based Laurence King Publishing, and US-based Workman Publishing,
- the acquisition in 2022 of UK-based Welbeck Publishing Group.

In 2016, Lagardère Publishing began diversifying into adjacent businesses (Board Games, Mobile Games and premium stationery) 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:

- in 2012, the acquisition of ADR Retail Srl, a Duty Free/Duty Paid operator in Rome airports,
- in 2014 and 2015, the acquisitions of Gerzon Holding (operator of Fashion stores at Schiphol Airport in the Netherlands), the Airstore group (operator of 200 stores in 11 countries) and Paradises (an airport Travel Retail leader in North America, with concessions in more than 76 airports),
- in 2018 and 2019, the acquisitions of Hojeij Branded Foods (a leading Foodservice company in North America) and International Duty Free (a Travel Retail leader in Belgium),
- in 2021, signing of a strategic partnership agreement with JD.com to accelerate the growth and digitalisation of the businesses in China,
- in 2022, the acquisitions of Creative Table Holdings Ltd (Foodservice operator at Dubai airport) and Marché International (international foodservice operator).

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, Europe 2, 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:**

In June 2021, following a significant change in its ownership structure and with a view to achieving a composed shareholder

dialogue, managerial continuity and reaffirmation of the integrity of the Group refocused on its two core businesses, Lagardère Publishing and Lagardère Travel Retail, along with its Other Activities, Lagardère SCA was converted into a French joint-stock company (*société anonyme*) with a Board of Directors made up of representatives of its main shareholders. Arnaud Lagardère and Pierre Leroy were appointed Chairman and Chief Executive Officer and Deputy Chief Executive Officer, respectively, for a period of six years.

- **Launch of a friendly public tender offer by Vivendi SE for Lagardère SA and proposed takeover:**

On 21 February 2022, Vivendi filed a friendly public tender offer for Lagardère SA, which ran from April to June 2022 following authorisation from the French financial markets authority (*Autorité des marchés financiers* – AMF). At the end of this public tender offer, Vivendi SE held 57.35% of Lagardère SA's share capital. On 24 October 2022, Vivendi SE formally notified the European Commission of the proposed transaction with Lagardère SA.

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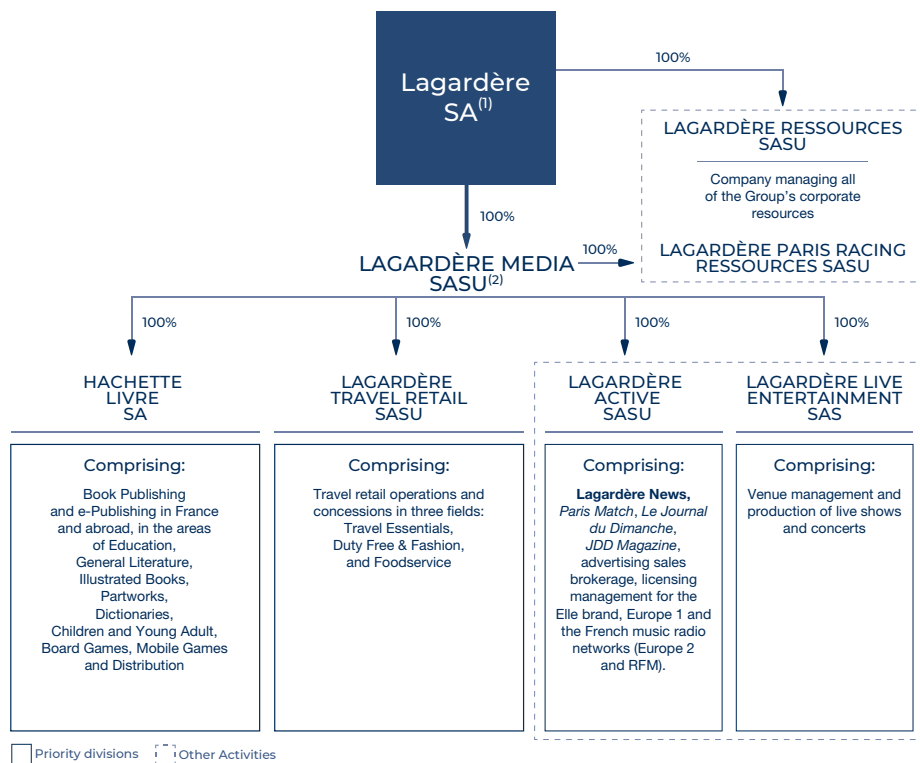
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1.2 ORGANISATION CHART – PRINCIPAL SUBSIDIARIES – RELATIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES

Lagardère SA's role in respect of its subsidiaries is described in section 4.2, 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 2022.

(2) Lagardère Media is the holding company for all Group operations. Percentages correspond to share capital and voting rights.

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,

- ▶ Lagardère Paris Racing Ressources: a company operating the Croix Catelan site,
- ▶ Lagardère North America, Inc: a US holding company for the US subsidiaries of the Lagardère Publishing and Lagardère Travel Retail divisions.

A detailed list of the Group's 496 consolidated subsidiaries and their locations is provided in note 38 to the consolidated financial statements.

1.3 BUSINESS ACTIVITIES AND STRATEGY

AFR

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 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, Children and Young Adult 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).

The division has diversified into adjacent growth markets with business models similar to book publishing, such as board games, mobile games and premium stationery.

After an exceptional year for the book publishing industry in 2021, the global market took a downward turn in 2022 due to a less favourable economic environment and high cost inflation (paper, printing, transportation and wages). However, the division managed to maintain a good level of business and profitability – significantly higher than its historic pre-Covid-19 performances – despite the more downbeat climate.

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.).

In 2023, Lagardère Publishing will pursue its strategy of targeted acquisitions in its core publishing business as well as in adjacent markets. It will also invest in modernising its logistics and sales capabilities, while ensuring rigorous management of its activities to maintain its operating performance.

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.

2022 saw a strong recovery in air traffic and sales once the main Covid-19-related health restrictions were lifted, despite a challenging economic environment and the ongoing health crisis in China. Against this backdrop, the division pursued its plan aimed at preserving cash flows and earnings, which helped it deliver an exceptional operating performance while continuing its transformation plan.

In 2023, the priorities of Lagardère Travel Retail's strategy will be to:

- ▶ achieve and entrench the ambitions of the LEaP Forward programme, despite new inflationary pressures,
- ▶ support operational excellence by boosting team engagement and development to increase attractiveness and help retain talent,
- ▶ become a market reference through the wide-scale deployment of sustainability initiatives under its internal "PEPS" (Planet, Ethics, People, Social) programme, designed to accelerate Travel Retail's transition to a more responsible and ethical model,
- ▶ accelerate innovation with new offers, concepts, services and business models,
- ▶ adapt the division's strategy in Asia to the new geopolitical landscape,
- ▶ press ahead with cash conservation and optimisation initiatives to support the growth strategy and adapt organisations to the prevailing climate.

The Group's scope of consolidation also comprises "Other Activities", which mainly include:

- ▶ **Lagardère News**, which comprises *Paris Match*, *Le Journal du Dimanche*, *JDD Magazine*, advertising sales brokerage, licensing management for the Elle brand, Europe 1 and the French music radio networks (Europe 2 and RFM).

The rally in advertising investment observed in 2021 continued in 2022. However, momentum has appeared to wane since the second half of the year owing to international tensions (war in Ukraine), inflation, and a weaker social fabric, among others.

Against this backdrop, Lagardère News continued to modernise its three divisions, notably through the launch of *JDD Magazine*, the development of digital media and a feebased Press offer, the roll-out of Europe 1 in the audiovisual segment and the growth of the Elle brand licensing business (Maison Elle, etc.).

In 2023, Lagardère News' key challenges will be based around digital expansion (online subscriptions in Press, a podcast and catch-up offer in Radio, the development of communities on social networks) and cross-functionality (development of synergies between the media brands and the promotion of collective and collaborative intelligence between teams). Lagardère News will also maintain its strict policy of optimising costs across its entire scope.

- ▶ **Lagardère Live Entertainment**, which is active in two segments:

- producing concerts and live performances (Florent Pagny, Matthieu Chedid (-M-), Jean-Louis Aubert, Jacques et Thomas Dutronc, Kev Adams, etc.) and shows (*Salut les copains*, *Les Choristes*, etc.),
- managing performance and entertainment venues (Folies Bergère, Casino de Paris, Arkéa Arena and Arena du Pays d'Aix).

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

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

Having been greatly impacted by the various pandemic-related health restrictions in 2020 and 2021, the live performance sector began to rally from March 2022, when the last measures were abolished.

As a result, Lagardère Live Entertainment was able to produce and host a wide variety of shows in 2022, generating revenue equivalent to pre-Covid-19 years.

Faced with a more challenging economic environment in 2023 (rising costs and uncertainty as to consumer purchasing power), Lagardère Live Entertainment remains reasonably confident that business will continue to grow, and expects a significant increase in the number of shows hosted in its venues along with the development of its productions.

► **Lagardère Paris Racing**, which is operating the nearly seven hectares that constitute the Croix Catelan site under a concession from the City of Paris until 31 December 2028. Located in the heart of the Bois de Boulogne, the Lagardère Paris Racing site offers its members tennis, swimming, fitness and bridge facilities, as well as restaurants, a sports shop, a play park and event venues. After the last Covid-19-related measures were abolished in early 2022, the Croix Catelan site was able to return to its normal capacity and football. In 2023, Lagardère Paris Racing intends to continue its initiatives aimed at promoting sport and sporting values, while continuing to upgrade its facilities and sports equipment.

1.3.1 LAGARDÈRE PUBLISHING

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

The world's⁽¹⁾ third-largest Trade publisher for the general public and educational markets (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, Children and Young Adult, 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 such as Editis, Madrigall, Albin Michel and Média Participations. Hachette Livre ranks number one in the General Literature paperback market, and first in the Children and Young Adult segment 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 in digital formats that are marketed in the form of e-books on every platform and, increasingly, as downloadable audiobooks.

Hachette Livre has also begun to diversify into board games to explore new and growing entertainment segments, as well as premium stationery.

A.1 IN FRANCE⁽⁶⁾

General Literature comprises prestigious publishing houses such as Grasset, Fayard, Stock, Calmann Lévy and JC Lattès. Each is

(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 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.

(6) Hachette Livre's competitive positions reflect data provided by the GfK panels to which the division subscribes.

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 audiobooks in CD and digital formats.

Hachette Illustré covers the entire range of Illustrated Books. It is number one in France for Lifestyle (Hachette Pratique and Marabout) and Travel guides (Hachette Tourisme and Le Routard). Hachette Illustré is also the top publisher in the Children and Young Adult segment (Hachette Jeunesse Disney, Hachette Jeunesse, Hachette Romans, Deux Coqs d'Or, Gautier-Languereau and Livre de Poche Jeunesse). Hachette Livre boasts valuable publishing assets in this market, including characters such as Asterix, Babar the Elephant, Noddy and Fantômette. In 2022, the Illustrated Books division finalised the acquisition of the entire capital of Bragelonne not yet owned by Hachette Livre. Bragelonne is the leading independent publisher of fantasy literature in France, as well as the French publisher of Andrzej Sapkowski's successful *The Witcher* saga.

In Textbooks, Hachette Livre is the leading publisher in France⁽¹⁾ with Hachette Éducation, the Alexandre Hatier group and Le Livre Scolaire. These entities include such reputed publishers as Hachette, Hatier, Didier and Foucher and other strong brands (Bled, Bescherelle, Passeport, Littre 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 integration of the 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, newsstands 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⁽²⁾

In 2022, Hachette UK was the United Kingdom's second-largest publisher, with 13.1%⁽³⁾ 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 Children and Young Adult 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 also ranks number two in the Textbooks market with Hodder Education, Illuminate Publishing and John Catt Educational. In January 2022, Hachette UK diversified its business into an adjacent growth market by acquiring Paperblanks, the world's second-largest premium brand of stationery. Hachette UK also strengthened its Trade Book Publishing business in December 2022 by acquiring the independent group Welbeck Publishing, which specialises in fiction, illustrated non-fiction and decorated children's books.

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

Hachette España is the third-largest publisher in Spain and ranks as the leading publisher of 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 Children and Young Adult segments. It is also very well established in Spanish-speaking markets through its Larousse, Anaya, Bruño, Alianza, Algaída, Barcanova, Xerais, Contraluz 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 Children and Young Adult 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 young adult, 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 newsstands 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) REGULATORY ENVIRONMENT

Lagardère Publishing is subject to specific local regulations in the countries where it operates its Book Publishing and Distribution businesses, including in terms of intellectual property rights, legal copyright registration requirements, book pricing and VAT. 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 Children and Young Adult titles and to broadening access to out-of-print books.

Lagardère Publishing closely monitors applicable laws and regulations on copyright, libel and slander, image rights and privacy.

(1) Source: internal estimates.

(2) 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.

(3) Source: Nielsen.

C) OPERATIONS DURING 2022

Contribution to consolidated revenue in 2022: €2,748 million (versus €2,598 million in 2021).

Breakdown of revenue by activity

	2022	2021
Education	10.7%	12.5%
Illustrated Books	19.1%	17.1%
General Literature	42.0%	41.8%
Partworks	10.3%	11.4%
Other (including Reference and Distribution)	17.9%	17.2%
Total	100%	100%

Breakdown of revenue by geographic area

	2022	2021
France	27.2%	29.6%
United Kingdom	16.8%	17.3%
United States	28.6%	25.4%
Spain	5.1%	5.2%
Other	22.3%	22.5%
Total	100%	100%

After an exceptional year for the book publishing industry in 2021, particularly in the Children and Young Adult and Illustrated segments, the market took a downward turn in all geographic areas in 2022 amid economic conditions less conducive to the consumption of culture.

France, which had posted vigorous growth of 22.1% in value terms in 2021⁽¹⁾, notably driven by strong momentum in the Children and Young Adult segment and Illustrated Books (comics and mangas) sales, saw a limited 2.9% decline in value terms in 2022.

The situation in Spain was more uneven, with growth in Education on the back of a new round of curriculum reforms, but slowing momentum in the Trade market, which declined in Children and Young Adult and Non-fiction segments, whereas comics and mangas delivered double-digit growth. Overall, the market ended the year up 1.0%.

In the English-speaking markets, print book sales contracted by 0.6%⁽²⁾ in the United Kingdom and by 5.8%⁽³⁾ in the United States, on the back of dwindling momentum for online sales. Digital audiobooks continued to enjoy good growth, while e-book sales declined after a very strong performance in 2020 and 2021.

Against this backdrop, Lagardère Publishing reported revenue of €2,748 million, up 5.8% as reported and down 1.9% like for like, with recurring operating profit down 14% to €302 million. Amidst a slowing market and high cost inflation (paper, printing, transportation and wages), Lagardère Publishing's leading positions combined with major publishing success in all its markets and strict operational management helped it maintain a high level of activity and profitability in a predominantly unfavourable economic environment.

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. spreading risks across a significant number of markets and market segments in order to smooth out the cyclical effects specific to each one,
3. concentrating acquisitions and new subsidiaries in countries belonging to language areas that offer a critical size for 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 publishers to discover, support and successfully develop the work of their authors,
5. actively seeking out international bestsellers able to attract an extensive readership in all markets where the division operates,
6. managing distribution both as a cost centre and a strategic link in the book value chain, in all the markets where the division operates,

(1) Source: GfK (by value).

(2) Source: Nielsen BookScan (by value).

(3) Source: NPД BookScan (by volume).

7. sustained investment in digital technologies so as to better understand and satisfy authors, booksellers and readers,
8. undertake selective investments in growing markets adjacent to Book Publishing,
9. an ambitious CSR strategy aimed at promoting a more ecological and inclusive development model.

C.1 IN FRANCE

In France, activity slowed in virtually all segments in 2022.

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 in a declining market. However, Children and Young Adult publisher Rageot (Alexandre Hatier group) enjoyed strong momentum, driven by the success of Holly Black's titles, particularly the release of the last book in her trilogy, *The Queen of Nothing*.



Illustrated Books reported a slight dip in sales in 2022, excluding the effect of the Bragelonne integration, impacted by the lack of a new Asterix release. The Practical guides divisions also saw a decline in business on account of fewer bestselling titles. Mangas, and particularly the *Attack on Titan* series, were affected by lower restocking levels in 2022, with the launch of new series failing to fully offset this decline. In contrast, the Tourism segment was able to recover, thanks to an upturn in sales of travel guides for European and global tourist destinations. Hachette Romans also saw sales growth, led by the success of titles such as Alice Oseman's *Heartstopper* series and Sarah Rivens' *Captive*.

Larousse also reported lower sales, with a marked decline in the Practical guides segment, which had benefited from a string of bestsellers in 2021. Sales of Dictionaries also continued to fall, although this was mitigated by the growth in sales of high-quality illustrated books, whose catalogue has gradually been expanded. Lastly, General Literature sales were down, following an exceptional performance in 2021. Large-format publishers were affected by lighter publishing schedules, particularly at Fayard, Stock, Grasset (despite the notable success of Virginie Despentes' *Cher connard*) and JC Lattès. In contrast, Calmann-Lévy had a good year thanks to the success of the first book in Pierre Lemaitre's new *The Great World* saga, and the publication of *Angélique*, the latest novel by Guillaume Musso.

Lastly, over the year, Le Livre de Poche's paperback sales rose slightly, reaching record heights, and Audiolib saw an increase in downloads of its audiobooks.

C.2 OUTSIDE FRANCE

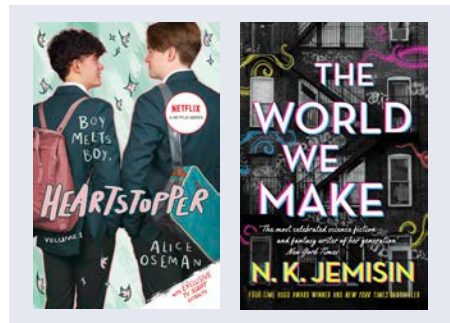
United States

Hachette Book Group (HBG) posted a slight 2.2% decline in sales in a shrinking market (down 5.8%), excluding the full-year impact of the integration of Workman Publishing.

This decline in sales is largely due to the effect on Little, Brown and Company of a lighter publication schedule and fewer flagship titles than in 2021, despite the success of *Run, Rose, Run*, the novel co-written by Dolly Parton and James Patterson. Perseus was also down in a sluggish market, as was Little, Brown Books for Young Readers, which had enjoyed strong sales of its backlist in 2021. Lastly, Nashville saw its sales decline on the back of a lighter publication schedule in its religious segment (FaithWords).

Grand Central Publishing, on the other hand, enjoyed robust growth led by the exceptional performance of Colleen Hoover's *Verity*, which was hugely popular on social networks. To a lesser extent, Orbit benefited from an upturn in sales of Andrzej Sapkowski's *The Witcher* saga, and from the publication of Nora K. Jemisin's *The World We Make*.

Lastly, sales of digital audio books were up 11% in an upbeat market, fuelled by the success of several titles, including Dolly Parton and James Patterson's *Run, Rose, Run* and Andrzej Sapkowski's *The Witcher* saga. E-book sales also advanced amid a downturn in the market, rising 4% on the back of the success in this format of Colleen Hoover's *Verity*.



United Kingdom and the Commonwealth

After an excellent 2021, Hachette UK delivered a record year in 2022 with like-for-like growth of 3.4% against a backdrop of a 0.6%⁽¹⁾ decline in the Trade print book market.

This performance is mainly due to strong momentum in Adult Trade sales. Little, Brown Book Group enjoyed a string of publishing successes in 2022, both in terms of new releases (J.K. Rowling's *Fantastic Beasts 3*, Robert Galbraith's *The Ink Black Heart* and Colleen Hoover's *Verity*) as well as its back catalogue (Delia Owens' *Where the Crawdads Sing*, buoyed by the film adaptation released in July 2022, and Ali Hazelwood's *The Love Hypothesis*). Bookouture also put in a strong performance in 2022. International sales rose during the year, particularly in Australia thanks to Ali Hazelwood's *The Love Hypothesis* and Sally Thorne's *The Hating Game*, and in India, which saw a rebound in sales on the other side of lockdown measures that persisted throughout 2021. In contrast, the lack of bestselling titles that had boosted 2021 hurt the Children and

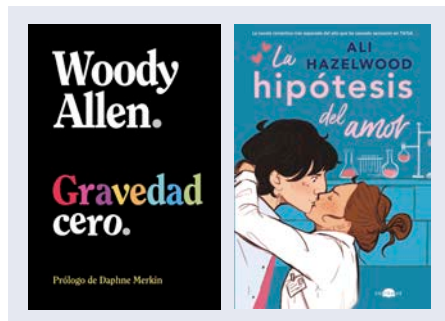
(1) Source: Nielsen BookScan (by value).

Young Adult segment, despite strong sales of Alice Oseman's *Heartstopper* saga. Octopus also recorded a decline in sales due to the slowdown in the Illustrated Books segment.

Excluding the impact of the Illuminate Publishing and John Catt Educational integration, sales in the Education segment grew slightly. Sales in the Digital business enjoyed good momentum, spurred by growth in audio books (up 9%), while e-book sales remained stable.

Spain and Latin America

Business in Spain grew by 7.2% over the year, driven by the start of a new round of national curriculum reforms after a sluggish 2021 in the Education market.



Trade sales were stable, with the lack of a new Asterix album at Bruño and the withdrawal from university segments offset by robust sales at Alianza (Woody Allen's *Gravedad Cero*) and at Contraluz (Ali Hazelwood's *The Love Hypothesis*).

Latin America saw a sharp rise in sales, after its 2021 performance had been dampened by a high level of returns in the first half. Sales growth in the region was driven by Trade, Education and Export.

Partworks

Owing to the end of the successful collections launched in 2019 and 2020, sales of Partworks contracted after a strong 2021, particularly in Germany, the UK and France. There were fewer launches in 2022 than in the previous year, especially in the UK and Japan.

Board Games

The Board Games business enjoyed robust growth in 2022, driven by the gradual expansion of the Hachette Board Games catalogue and the development of marketing activities in the US and the UK.

The division also continued to expand with its acquisition in 2022 of La Boîte de Jeu, publisher of *It's a Wonderful World*, at the beginning of the year.

C.3 OBJECTIVES AND ACHIEVEMENTS IN 2022

After a 2021 that was exceptional in many ways, and amidst poor market visibility, Lagardère Publishing expected its 2022 performance to be driven by an upturn in business in Spain with the new round of curriculum reforms, but also impacted by the absence of a new Asterix release.

Market conditions were worse than expected, however, as spiralling inflation squeezed consumer spending. Nevertheless, thanks to major publishing success, particularly for titles with a strong following on social networks, Lagardère Publishing outperformed the market in the Trade segment of English-speaking countries. In Education, Anaya captured market share thanks to the start of a new round of curriculum reforms in Spain.

Partworks, in which Lagardère Publishing is the world leader, was down slightly due to contraction in sales of former successful collections launched in 2019 and 2020. Nevertheless, the diversity of its geographic locations and the ability of its publishing teams to identify promising markets have enabled the division to maintain robust business levels.

Lastly, the diversification into Board Games has clearly paid off, placing the division on a solid long-term organic growth trajectory.

Consolidated recurring EBIT amounted to €302 million, down by €50 million, or 14%, after a record year for the division in 2021. The decline in business, coupled with the impact of inflation on operating costs, led to lower profitability. Inflationary pressures in 2022 (raw materials, printing, transportation and wages) represented a major operational challenge. Thanks to disciplined management of its activities, Lagardère Publishing was able to curb the impact of these unfavourable conditions and deliver profitability well above pre-Covid-19 levels.

D) OUTLOOK

With the market slowing in 2022 after two unprecedented years, in 2023 Lagardère Publishing expects to see the continuation of the new round of curriculum reforms in Spain as well as the release of a new Asterix album.

In line with the market downturn in 2022 and amidst persistent economic uncertainty, the division will maintain its management discipline, while allowing its publishing teams complete creative freedom to seize opportunities in every segment and every geographic area.

At a time of inflationary pressure on raw materials, printing, transportation and wages, Lagardère Publishing will also continue to diligently manage its business with a focus on securing the operating performance of all its units.

The division plans to invest in modernising its logistics and sales capabilities in order to optimise the services provided to internal and partner publishers through more modern and efficient management.

Lastly, the division will pursue its strategy of targeted acquisitions in its core publishing business as well as in adjacent growth markets with business models similar to book publishing, such as board games and stationery.

1.3.2 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 the end of 2022, the division directly operated 4,892 stores, of which 3,511 contributed to its consolidated revenue stream. The geographic breakdown is as follows: 3,545 in Europe, Middle East and Africa, 552 in Asia-Pacific and 795 in the Americas.

Lagardère Travel Retail operates businesses in transit hubs and concessions in three 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 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 the prevailing challenging 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 its competitive positioning that was, until recently, unique and differentiating, through its expertise in three business segments,
- ▶ placing proximity at the heart of its global offering, strategy and organisation,
- ▶ committing to Travel Retail's transition to a more sustainable model,
- ▶ intensifying its organic growth, particularly in the most dynamic markets, led by business development and contract renewals. Compelling examples in 2022 include:
 - France
 - Renewal for a ten-year term of the Duty Free and Fashion concession agreements, operated as a joint venture with the ADP group at Paris-Charles-de-Gaulle and Paris-Orly airports.
 - Renewal of the Travel Essential concession for the SNCF network for a ten-year term in partnership with SNCF Gares & Connexions.
 - EMEA
 - Italy: opening of the Duty Free and Fashion concession at Naples airport (fifth-highest passenger traffic among Italian airports in 2019) in July 2022. Lagardère Travel Retail's presence in Italy was further broadened by the five-year extension of the Duty Free concession at Rome-Fiumicino and Rome-Ciampino airports.

- Austria: opening of the first Relay stores at Vienna and Salzburg airports under the newly awarded Travel Essentials concession.

- United Kingdom: broader presence for Lagardère Travel Retail following the opening of the first Lego stores (Glasgow and London-Stansted), two Discover stores (London-Heathrow and London-Stansted) and the signing of the first Foodservice contract at London-Luton Airport (opening slated for the first quarter of 2023).

- Switzerland: opening of the first eco-responsible Aelia Duty Free store at Geneva airport.

- Africa: award of a new Foodservice contract at Dakar airport (Senegal) and opening of a Duty Free store at Kilimanjaro airport (Tanzania).

- Middle East: acquisition in February 2022 of Creative Table Holdings Ltd, a Dubai-based company operating Foodservice activities at Dubai Airport. Award of the Duty Free tender at Medina airport (Saudi Arabia) and at regional airports.

- Asia-Pacific

- China: award of Fashion, Watches, Jewellery, Perfumes and Cosmetics concessions at Shanghai and Qingdao rail stations, as well as Sunan (Wuxi), Nanjing, Chengdu, Qingdao and Wuhan airports. Continued development in Hainan with the award of Duty Free concessions (Fashion, Watches, Jewellery, Alcohol, etc.) at the new CNSC shopping centre in Sanya, operated under a joint venture with JD Worldwide.

- Hong Kong: opening of Maison Kayser and Fortnum & Mason concepts at stations and airports. Continued deployment of the King Bakery, Asia Favourites and Godiva concepts.

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

- Pacific: merger in May 2022 of the division's Travel Retail business in Australia and New Zealand with those of AWPL, one of the region's main players in the Travel Essentials segment. Renewal of the Auckland Duty Free concession, with the transition to sole operator from September 2023.

- Americas

- North America: award of numerous tenders and/or extensions of existing contracts in 2022, for example in Atlanta (four new stores), Grand Rapids (six new stores), Nashville (five new stores), Hartford (five store extensions and two new stores) and Palm Springs (five store extensions and two new stores), etc.

- South America: start of Duty Free & Fashion activities at Lima airport in Peru (three stores with a total surface area of 3,028 sq.m.) and a Foodservice offering at Santiago airport in Chile (1,141 sq.m. in 2022, 725 sq.m. in 2023 and 3,588 sq.m. in 2024). Award of two Food & Beverage tenders at Punta Arenas (two stores) and Iquique (four stores) in Chile.

In a market that continues to consolidate, Lagardère Travel Retail entered into an agreement to acquire the Swiss group Marché, a multi-brand international catering company (48 points of sale with pro forma, pre-Covid-19 revenue of €133 million) operating in six countries (Germany, Austria, Croatia, Slovenia, Czech Republic and Singapore). The transaction is expected to be finalised during the first quarter of 2023. The acquisition of Marché, an established and widely recognised global brand, also strengthens Lagardère Travel Retail's portfolio of in-house brands.

Lagardère Travel Retail is now the fifth-largest travel retail operator⁽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 in the Travel Retail Fashion segment⁽¹⁾,
- ▶ is the fourth-largest operator in airport Core Duty Free⁽¹⁾,
- ▶ is the fourth-largest⁽¹⁾ Foodservice operator in transit hubs worldwide.

The network includes the following stores operated:

- ▶ under its own banners:
 - either internationally, for example with Relay, Discover, Tech2go, InMedio, 1Minute, Hubiz, Hub Convenience, Aelia Duty Free, The Fashion Gallery, The Fashion Place, Eye Love, So Chocolate, Bread&Co, So Coffee, Trib's, Vino Volo, Natoo, FIX, Beercode and Marché,
 - or with a strong local identity, such as Casa Del Gusto, The Belgian Chocolate House, Sawa, Extime Duty Free, Icons, etc.,
- ▶ under franchise or licence with retail partners such as Lego, TripAdvisor, Fnac, iStore, Marks & Spencer, Hermès, Victoria's Secret, Nespresso, Costa Coffee, Burger King, EL&N, Panda Express, Pierre Hermé, Eric Kayser and Paul.

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 200 international airports. The segment counted 2,877 stores worldwide at 31 December 2022.

Of these stores, 245 are operated by a network of franchisees in countries such as Belgium, Hungary, 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 travel areas, previously local, is now increasingly global: Dufry (upon completion of its current merger with Autogrill) operates in over 75 countries, WH Smith in 30, SSP in 36, Areas in 10 and Valora primarily 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 (847 at 31 December 2022) that cover the classic categories of alcohol, tobacco, perfume, cosmetics and gastronomy, as well as specialised concepts:

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

In recent years, Lagardère Travel Retail has cemented its European presence in travel areas⁽¹⁾ on the back of successful bids (mainly in Geneva, Switzerland, the Netherlands, and Italy's Avancorpo terminal at Rome-Fiumicino airport) and renewals of Duty Free & Fashion operating concession agreements with the ADP group.

Aside from Lagardère Travel Retail, the leading operators of Duty Free and specialist concept stores in travel areas are Dufry, DFS (LVMH group), CDFG, Lotte and Heinemann.

c) Fast-growing operator in Foodservice

Lagardère Travel Retail operates 1,167 Foodservice points of sale in 25 countries, including France, the Czech Republic, Poland, Italy, Austria, Iceland, the Netherlands, North America, Chile, UAE, Senegal and Gabon:

- ▶ under its own store names, such as So Coffee, Bread&Co., Trib's, Vino Volo, deCanto, Natoo and Smullers, etc.,
- ▶ through concepts tailored to meet the specific needs of licensors and locations, including La Plage and Pan Garni at Nice-Côte d'Azur airport in France, Loksins Bar at Keflavik airport in Iceland and Bar Symon at Pittsburgh airport in the 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 & DeLuca, etc., or local brands such as SumoSalad, SaladStory, 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.

The main global competitors in the Foodservice segment are Dufry (upon completion of its merger with Autogrill), SSP, Areas and Delaware North.

⁽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.

B) REGULATORY ENVIRONMENT

Lagardère Travel Retail's operation of retail premises under concession agreements as well as its 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 press, foodstuffs, tobacco, alcohol and duty-free products (which may be governed by conventions signed with the local customs authorities), and freight 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 regularly 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 stores.

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

C) OPERATIONS DURING 2022

Contribution to consolidated revenue in 2022: €3,927 million (versus €2,290 million in 2021).

Breakdown of revenue by activity

	2022	2021
Travel Essentials	38.7%	43.6%
Duty Free & Fashion	38.5%	34.7%
Foodservice	22.8%	21.7%
Total	100%	100%

Breakdown of revenue by geographic area

	2022	2021
France	19.2%	18.7%
Europe (excluding France), Middle East and Africa	43.9%	38.6%
Americas	29.8%	30.1%
Asia-Pacific	7.1%	12.6%
Total	100%	100%

Lagardère Travel Retail's revenue increased by 71.5% as reported and by 65.4% like-for-like in 2022.

Despite the Covid-19 Omicron wave, which significantly hampered recovery in the first quarter, 2022 saw a very strong rally in air traffic in Europe and North America. This follows the removal of the main travel restrictions and the gradual reopening of domestic, European and international – particularly transatlantic – flights during the first half of the year. The direct impact of the war in Ukraine on passenger traffic has been fairly limited. The various regions in which the division operates therefore benefited significantly from this rally, with the exception of Asia-Pacific. In particular, China was greatly impacted by the country's ongoing "zero-Covid" policy throughout 2022, while the Pacific saw a very gradual recovery in domestic and then international flights.

The Travel Essentials business represented 38.7% of consolidated revenue for 2022, versus 43.6% in 2021 and 37.8% in 2019. As this segment was more resilient in 2021, its share of the mix was rebalanced by the stronger recovery of the Duty Free & Fashion and Foodservice businesses, which were much more heavily impacted by the Covid-19 pandemic.

Duty Free & Fashion accounted for 38.5% of consolidated revenue in 2022, compared with 34.7% in 2021 and 39.7% in 2019, reflecting the strong rally in European and international air traffic as Covid travel restrictions were gradually lifted throughout the year.

Lastly, the Foodservice business represented 22.8% of consolidated revenue for the year, compared with 21.7% in 2021 and 22.5% in 2019, driven by the recovery in air traffic in North America and Europe, and by the acquisition of Creative Table Holdings Ltd in Dubai.

C.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. 2022 marked the recovery in air traffic in most geographic areas, albeit with uneven development in each quarter:

- in the first quarter, global air traffic was more than 68% up on 2021 (but still down 38% on 2019), thanks to a two-fold increase in North American traffic year on year, despite the spread of the Omicron variant,

- ▶ in the second quarter, traffic was up by 66% on 2021, driven by stellar growth in European traffic (up 215%), thus pushing global traffic to 75% of its 2019 level,
- ▶ the rebound continued into the third quarter, with traffic down just 20% on 2019 and up 41% on 2021,
- ▶ the fourth quarter saw the continued recovery of traffic in all regions, with the exception of North Asia, which remained heavily impacted by the so-called "zero-Covid" policy (China and Hong Kong in particular).

Against this backdrop, Lagardère Travel Retail pressed ahead with the measures implemented in 2020 to protect its customers and teams. The division also continued with its plan to preserve earnings and cash, thereby limiting the negative impact of the revenue decline on operating profit to 4.6%.

The main measures focused on overheads, which were slashed by €180 million through:

- ▶ 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,
- ▶ strict control of all costs.

C.2 FRANCE

The division reported significant year-on-year revenue growth of 75.7% (down 21.6% versus 2019), as governments in most countries gradually put an end to travel restrictions (with the notable exception of China). Non-airport businesses also enjoyed solid growth (up 32.1% on 2021 and down 27.9% on 2019), with rail station traffic (mainly domestic) being slightly less affected by travel restrictions than in 2021.

As demand gradually recovered, the Travel Essentials network delivered a 65.6% increase in revenue year on year (down 20.3% on 2019), buoyed by robust trading at airports, up 119.4% on 2021 (down 8.9% on 2019), and at other tourist destinations, for example, the Eiffel Tower, where sales rose sharply thanks to the return of international tourists (up 291.4% year on year and down 26.9% on 2019). To a lesser extent, the business also benefited from increased growth in the train station network, up 21.5% on 2021 (down 32.1% on 2019), despite the unfavourable long-term impact of remote working on commuter networks.

The Foodservice segment grew by 36.4% versus 2021 (down 26.9% versus 2019), with a 65.6% year-on-year rise in travel areas (up 106.2% at airports and up 28% at train stations) and a 25.3% year-on-year increase in the hospital network, where activity has been slower to recover due to ongoing measures restricting visits for a large part of the year.

The Duty Free & Fashion business drove a 103.7% increase in revenue versus 2021 (down 19.9% on 2019), as air traffic rallied sharply in Paris (up 115.5% year on year, down 20.9% on 2019) and at regional hubs (up 72.9% year on year at Nice-Côte d'Azur airport).

C.3 EUROPE, MIDDLE EAST AND AFRICA (EMEA – EXCLUDING FRANCE)

Business in the EMEA region (excluding France) benefited from the favourable post-crisis climate which began at the end of 2021 with the acceleration of vaccination campaigns, the removal of health restrictions and the gradual recovery of traffic. Revenue for the region increased by 91.2% year on year. However, it remained 7.6% lower than in 2019, due to the virulence of the Omicron variant in the first quarter of 2022 and the low number of international passengers, particularly from China (border closures still in force) and Russia (linked to the Ukrainian conflict).

Operations in **Italy** reported revenue up sharply by 167% year on year (down 20% on 2019). The Duty Free business in 2022 remained the hardest hit as international traffic remains below its 2019 level, for example at Rome-Fiumicino airport, where passenger traffic was 33% down on 2019. As a result, revenue was still below its pre-pandemic level (30% lower than 2019 based on a comparable network). Nevertheless, Duty Free sales soared by 233% compared to 2021, fuelled by new concessions awarded in Naples and Catania as well as the sustained recovery in intra-European tourist traffic since the spring. The Travel Essentials and Foodservice businesses were the biggest winners of this sharp recovery in traffic, delivering revenue growth of 155% and 90%, respectively, versus 2021 (down 8% and 10%, respectively, versus 2019).

In the **United Kingdom**, sales rose 177% year on year (up 27% on 2019) owing to the recovery in traffic, the favourable impacts of Brexit on spending per passenger, and the development of new ferry routes.

In **Belgium**, the upturn in European air traffic at the beginning of the second quarter helped drive a strong 120% increase in Duty Free revenue for the year. However, pro forma revenue is still down by 21% versus 2019, mainly due to traffic at Zaventem airport remaining below its 2019 level (up 103% versus 2021, down 28% versus 2019).

Sales in the **Netherlands** increased by 102% year on year (down 27% versus 2019), but continued to be affected by the health crisis and by the low numbers of international passengers (mainly from China, Russia and the US) at Schiphol airport. 2022 traffic represented 73% of the traffic observed in 2019. 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 spread of the Omicron variant in the first quarter, operations in **Central Europe** were supported by a more resilient non-airport business.

In **Germany**, business volumes almost doubled compared to 2021 (up 80%) but remained 11% below 2019 levels, due notably to the gradual recovery in air traffic impacted by the health restrictions at the beginning of the year. Growth was steady throughout the year, however, with a gradual return to 2019 levels in the Travel Essentials and Foodservice businesses.

In **Poland**, consolidated revenue doubled year on year, but remained 10% down on 2019. Growth in the Duty Free business (up 140% on 2021) was driven by the sharp rally in traffic in Warsaw and at regional airports (Kraków and Gdańsk), supported by the rebound in tourists, particularly from the UK (favourable impact of Brexit on spending per passenger). Duty Free revenue for the year was almost back to its pre-pandemic level. The Travel Essentials and Foodservice businesses also saw strong revenue growth (up 91% on 2021, down 15% on 2019) as restrictions began to be lifted from the second half of the year.

Revenue in the **Czech Republic** was up by 63% year on year (down 14% on 2019) but was hampered by a sluggish rebound in air traffic and by the consequences of the Ukrainian conflict, with no Russian passengers (these represented 7% of traffic in 2019). However, Travel Essentials and Foodservice networks in train and underground stations returned to pre-crisis levels (up 6% on 2019).



Relay (Czech Republic).

Business in **Romania** grew by 20% year on year and even exceeded 2019 levels (24% increase), thanks to the performance of the shopping mall network and solid momentum in tobacco sales.

Revenue in **Bulgaria** was 35% higher year on year, and also outperformed 2019 (39% increase) thanks to tobacco sales in the Travel Essentials network (driven by a strong recovery in traffic), a good performance from the Foodservice business in airports during the summer period and the development of the network.

In **Iceland**, revenue for the Foodservice business tripled compared to 2021, returning to its 2019 level as a result of the robust recovery in air traffic from April onwards.

West Africa (Senegal, Gabon, Mauritania and Gambia) saw strong revenue growth (up 64% year on year and up 51% versus 2019), thanks to the recovery of its historic stores and the development of the network (diversification into Foodservice and Travel Essentials in Senegal, establishment of the Mauritania and Gambia branches in December 2021).

In **East Africa**, Lagardère Travel Retail has been operating the Duty Free concession at Dar es Salaam airport (Tanzania) since 2021. The region enjoyed vigorous growth in 2022 thanks to the continued improvement in legacy businesses and the award of the Kilimanjaro airport concession.

Lastly, in the **Middle East**, business was up 125.0% on 2021 (up 84.0% on 2019), buoyed by the integration of Creative Table Holdings Ltd activities (13 restaurants at Dubai airport) from 1 April and the sharp recovery in air traffic in Saudi Arabia (up 53.6%).

C.4 ASIA-PACIFIC

Business in the **Asia-Pacific** region was durably impacted by the extremely strict and political decision in China to restrict both international and domestic travel as a result of the Covid-19 pandemic. Following the accelerated vaccination campaign in late 2021, domestic borders gradually reopened in the first quarter of 2022, followed by Australia's international borders from February and New Zealand's from August. Owing to the merger of Lagardère Travel Retail Australia and New Zealand with AWPL, the Travel Retail business in these two countries has been accounted for by the equity method since May, thereby removing the region's revenue from the consolidated figure. As a result, revenue for the Pacific region was down 89% on 2019 and 35% on 2021.



Aelia Duty Free (New Zealand).

In **Singapore**, an exclusively international hub, traffic picked up very gradually in 2022, seeing the equivalent of just over two-thirds of 2019 traffic in December. Revenue was down 81% on 2019 but up a sharp 206% on 2021.

In **mainland China**, the government's radical "zero-Covid" policy remained in place until 7 December 2022, resulting in major lockdowns in Shanghai, Beijing and Hainan. As a result, business was heavily disrupted by the temporary closures and reopenings of all Travel Retail stores. This situation made it particularly difficult to plan and implement cost-saving policies. Revenue nonetheless improved despite these challenging conditions, up 101% on 2019 and 1% on 2021. Revenue growth reflects strong network development (163 stores more than in 2019 and 74 more than in 2021, including 36 additional Travel Essential stores) and efforts to diversify distribution channels with e-commerce and wholesale (up 19% and 823% on 2021, respectively). On the island of Hainan, where Lagardère Travel Retail played a part in the opening of the island's second-largest Duty Free shopping centre in late 2020 (30,000 sq.m. spread over five levels) in partnership with **Hainan** Tourism Investment Development (HTI), the division continued to supply HTI stores. Business in 2022 was also greatly impacted by the strict lockdown measures, which resulted in a 34% year-on-year decline in revenue. Lastly, as part of its operations in Sanya, Lagardère Travel Retail also started to supply its joint venture with JD Worldwide.

In **Hong Kong**, revenue was down 78% on 2019 and 17% on 2021 (excluding Hainan), in line with drastically reduced traffic.

Lastly, the division continued to expand in **Japan**, opening four additional stores and reporting an 84% year-on-year increase in revenue.

C.5 AMERICAS

A sustained recovery in **North America** in 2022 drove revenue for the region back to its 2019 level (up 6.3% on 2019 at reported exchange rates and down 0.1% at constant exchange rates). Compared to 2021, revenue was up sharply, climbing 64.2% at reported exchange rates and 46.6% at constant exchange rates. This advance was led by the **United States**, which reported year-on-year revenue growth of 39.1%. The recovery was steady throughout the year, with the durable return of domestic traffic, the success of marketing initiatives, and favourable scope effects (41 new stores opened, mainly in the Oklahoma City, New York - John F. Kennedy, Memphis, Columbus, Charlotte and San Antonio hubs).

Canada, which has more exposure to international flights, saw a slower recovery than the **US**, with revenue up 212.1% year on year (down 13.8% versus 2019).

2022 revenue over the North America region as a whole broke down as follows among the various segments: Travel Essentials (62%), Duty Free & Fashion (6%) and Foodservice (32%).

Lagardère Travel Retail began operating in **South America** in January and February 2022 after it was awarded concessions at Santiago airport in Chile (Foodservice) and Lima airport in Peru (Duty Free & Fashion under a profit-sharing arrangement) in 2021.



Emporio Gourmet (Chile).

C.6 OBJECTIVES AND ACHIEVEMENTS IN 2022

The main objectives for 2022 were as follows:

- ▶ 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.

All of these objectives were achieved – although the implementation of the Asian plan was significantly disrupted by the “zero-Covid” policy in China – and some even greatly exceeded expectations.

D) OUTLOOK

Lagardère Travel Retail's outlook for 2023 depends mainly on the dynamics of air traffic amid ongoing uncertainties in the economic, geopolitical and health environments.

However, Lagardère Travel Retail remains confident that it will be able to maintain its current growth and will pursue its ambitious growth path based on its high-quality concepts, operational excellence and organisational agility. The division also intends to press ahead with its strict cost control policy and selective investment approach. Its 2023 objectives aim to benefit fully from post-crisis tailwinds, focusing on the following priorities:

- ▶ achieve and entrench the ambitions of the LEaP Forward programme, despite new inflationary pressures,
- ▶ support operational excellence by boosting team engagement and development to increase attractiveness and help retain talent,
- ▶ become a market reference through the wide-scale deployment of sustainability initiatives under its internal “PEPS” (Planet, Ethics, People, Social) programme, designed to accelerate Travel Retail's transition to a more responsible and ethical model,
- ▶ accelerate innovation with new offers, concepts, services and business models,
- ▶ adapt the division's strategy in Asia to the new geopolitical landscape,
- ▶ press ahead with cash conservation and optimisation initiatives to support the growth strategy and adapt organisations to the prevailing climate.

1.3.3 OTHER ACTIVITIES

1.3.3.1 LAGARDÈRE NEWS

The following comments describe the situation of Lagardère News in its 2022 configuration, which comprises *Paris Match*, *Le Journal du Dimanche*, *JDD Magazine* Advertising Sales Brokerage, licensing management for the Elle brand, Europe 1 and the French music radio networks (Europe 2 and RFM).

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

With three radio stations (Europe 1, Europe 2, RFM), three press titles (*Paris Match*, *Le Journal du Dimanche*, *JDD Magazine*) and a global magazine brand (Elle), Lagardère News brings together 5 million listeners⁽¹⁾ every day, more than 3.5 million readers⁽²⁾ every week and 9.4 million unique visitors⁽³⁾ to its digital platforms.

A.1 PRESS

Lagardère News publishes *Paris Match*, *Le Journal du Dimanche* and *JDD Magazine* (since 23 October 2022) press titles.

With 10.6 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 4.9 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.

On 23 October 2022, *Le Journal du Dimanche* launched *JDD Magazine*, a monthly literary and investigative publication. Leveraging the brand's visibility and reputation, *JDD Magazine* is published on the last Sunday of each month and sold as a supplement with *Le Journal du Dimanche*, and is then available for sale as an individual title for a month. This new editorial offer is structured around three main sections: literature, investigative reporting, and fashion and lifestyle. The online edition of the magazine amplifies reader experience through the publication of dedicated and exclusive features, alongside adapted versions of the content published in the magazine.

A.2 RADIO

With its three national networks, Lagardère News is a major player in the French radio broadcasting market. Radio station revenues are mainly 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 more than 2 million daily listeners⁽⁴⁾.

Europe 2

Officially launched on 1 January 2023, the Europe 2 brand is back as a replacement for Virgin Radio.

A music radio station with a core target audience of adults aged 25 to 49, Europe 2 offers a pop-rock music format that combines classic sounds with songs by young up-and-coming French artists. Europe 2 has an audience of more than 1.4 million listeners a day⁽⁴⁾.

RFM

Every day, RFM offers its nearly 1.7 million listeners the very best of music in a general interest, family-friendly format, featuring a rich blend of pop, disco, funk and rock⁽⁴⁾.

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 34 million readers and some 90 million unique visitors per 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 2022, 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, Europe 2, RFM, *Paris Match*, *Le Journal du Dimanche*, *JDD Magazine*) as well as for Oüï FM (in the greater Paris region), Radio FG (in greater Paris and Nice), Radio Meuh, Radio Public Santé and Replay News.

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

Lagardère Publicité News services span radio, press, digital and experiential formats. They draw on their 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 26 million people, or 48% of the French population, over a one month period⁽⁵⁾.

(1) Source: Médiamétrie EAR National, 13 years and older, Monday-Friday, 5 a.m.-midnight, Europe 1, Europe 2 and RFM, September-October 2022, cumulative audience.

(2) Source: ACPM One Next 2022 S2/ACPM Brand One Next Global 2022 S2.

(3) Source: Médiamétrie NetRatings, total Internet audience in France, November 2022, unduplicated audience: Europe 1 (B), *Le Journal du Dimanche* (B), *Paris Match* (B), Europe 2 (B), RFM (B), basis: 2 years and older.

(4) Source: Médiamétrie EAR National, 13 years and older, Monday-Friday, 5 a.m.-midnight, September-October 2022, cumulative audience.

(5) Source: 2022.1 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 Europe 2.

B) REGULATORY ENVIRONMENT

Lagardère News' Press business is subject, for example, to (i) press law (the 29 July 1881 law on the freedom of the press and the 1 August 1986 law reforming the legal regime for the press), (ii) intellectual property law, including copyright and related rights, and (iii) the 18 October 2019 law on the modernisation of press distribution (reforming the Bichet Act), which requires press publishers to form a cooperative if they pool distribution and use approved press distribution companies.

Lagardère News' Radio activities are subject to broadcasting regulations. In France, this concerns in particular (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.

In accordance with the law of 30 September 1986, for its Radio activities in France Lagardère News must seek authorisations for specific periods determined by the French audiovisual regulator (*Autorité de régulation de la communication audiovisuelle et numérique* – Arcom). Radio activities are also governed by conventions signed with Arcom, 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.

Lagardère News' Digital businesses are also 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 internationally (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).

Its 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 News also closely monitors laws and regulations on copyright, libel and slander, image rights and privacy.

C) OPERATIONS DURING 2022

Breakdown of revenue by activity (constant scope)⁽¹⁾

	2022	2021
of which Press	36.7%	35.9%
of which Radio	44.5%	46.5%
Other (Elle International)	18.8%	17.6%
Total	100%	100%

Breakdown of revenue by geographic area (constant scope)⁽¹⁾

	2022	2021
France	81.8%	82.6%
International	18.2%	17.4%
Total	100%	100%

Growth in the advertising market in 2021 (against a weak 2020 comparative period due to the health crisis) continued in the first nine months of 2022. However, the positive momentum appeared to wane as from June, with monthly spending levels lower than at the beginning of the year and below the 2019 base year. The slowdown

is attributable to various factors, including a strong performance in the third-quarter 2021 comparative period, an unfavourable international climate shaped by the impacts of war in Ukraine, the raw materials and energy crisis, inflation and a weaker social fabric, among other factors. Business was mainly driven by Digital.

(1) Excluding Radio Salù (deconsolidated on 1 July 2021) and Coffee Digital and Lagardère Labs (deconsolidated on 1 January 2022).

Overall, revenue for all offline media (TV, cinema, radio, press and outdoor advertising) increased, but is not yet back to its pre-pandemic level, rising by 4% year on year but down 6% versus 2019⁽¹⁾. TV failed to entrench the good momentum seen in 2021 (down 2% year on year and down 1% on 2019)⁽¹⁾, unlike radio (up 1% year on year and down 3% on 2019)⁽¹⁾ and press (up 2% year on year and down 21% on 2019)⁽¹⁾. Digital revenue advanced 13% year on year and 40% on 2019⁽²⁾.

C.1 PRESS

Circulation revenue for *Paris Match* and *Le Journal du Dimanche* ended the year down 6% on a like-for-like basis⁽³⁾, compared with a 4% decline in 2021. More specifically, Digital sales increased while print sales and subscriptions fell back.

In terms of newsstand sales, *Paris Match* maintained its leading position in paid circulation among French news magazines, with an average 488,216 copies per issue in 2021-2022, down 2.8%⁽⁴⁾ versus 2020-2021. It should be noted that the special Queen Elizabeth II tribute issue of *Paris Match* published on Saturday 10 September 2022 brought in record sales.

Le Journal du Dimanche also confirmed its position as one of France's leading national newspapers, despite an 8.7%⁽⁴⁾ year-on-year decline in paid circulation in France in 2021-2022, with an average 136,152 copies per issue.

Advertising spending in Magazine Publishing remained stable in the first nine months of 2022 compared to the same period in 2021, but was down 24% versus 2019⁽¹⁾. Against this backdrop, *Paris Match* held up well in 2022. *Le Journal du Dimanche* also delivered very strong financial results in 2022, after having hit a ten-year high for advertising revenue in 2021.



In the **Digital** segment, the end of 2022 saw the redesign of the *Paris Match* mobile app and the launch of the *Le Journal du Dimanche* mobile app in October. On average, the *Paris Match* website and app received some 5.1 million unique visitors every month between January and November 2022⁽⁵⁾. It also maintained an extensive social media presence with more than three million followers. In addition, the *Le Journal du Dimanche* website and app received an average of 2.6 million unique visitors every month. Since the end of October 2022, the digital platforms of *Le Journal du Dimanche* have also featured content from *JDD Magazine*.

C.2 RADIO

Europe 1

Key figures

During the post-summer September-October 2022 period, Europe 1 had a cumulative audience of 3.7%⁽⁶⁾, down 0.7 points compared with 2021 and down 1.2 points compared with 2020. Europe 1's audience share was 3.1%⁽⁷⁾, down 0.6 points compared with 2021 and down 1 point compared with 2020.

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

- 2.3% audience share among 25- to 59-year-olds⁽⁸⁾, stable compared with 2021 and down 0.5 points compared with 2020,
- 2.9% audience share among AB+ listeners⁽⁹⁾, down 0.1 points compared with 2021 and 1.3 points over two years.

In 2022, Europe 1 continued its repositioning, begun in the previous season, with a denser, new-look news offering and a programme schedule consistent with its editorial focus, featuring news, economy, culture, lifestyle, compelling historical narratives and true crime stories. This season the editorial focus has also expanded to include sport, with the relaunch of a major offer in partnership with the Canal+ group.

Europe 1 has also stepped up its digital transformation strategy, increasing its creative, marketing and technological investment spend.

Podcasts and social media

Europe 1 had a record year in 2022 with 192 million podcast downloads, an increase of 19% year on year⁽¹⁰⁾. This success was led by Christophe Hondelatte's true crime stories (*Hondelatte raconte*), which once again proved to be France's most popular storytelling podcast.

The new offering of video shorts launched in summer 2022 was very successful, attracting 43 million video views (Instagram, Facebook, TikTok, YouTube) between September and December 2022.



(1) Source: BUMP, first nine months of 2022.

(2) Source: BUMP, first nine months of 2022, search, social media, display and others.

(3) Excluding *JDD Magazine* launched in October 2022.

(4) Source: ACPM/OJD, July 2021-June 2022.

(5) Source: Médiamétrie Internet Global, January-November 2022.

(6) Source: Médiamétrie EAR National, 13 years and older, Monday-Friday, 5 a.m.-midnight, September-October 2022, cumulative audience.

(7) Source: Médiamétrie EAR National, 13 years and older, Monday-Friday, 5 a.m.-midnight, September-October 2022, audience share.

(8) Source: Médiamétrie EAR National, 25-59 years, Monday-Friday, 5 a.m.-midnight, September-October 2022, audience share.

(9) Source: Médiamétrie EAR National, AB+ listeners, Monday-Friday, 5 a.m.-midnight, September-October 2022, audience share.

(10) Source: Médiamétrie eStat Podcast, Europe 1, 2022 vs. 2021.

Music radio

Among the leading radio stations in France, Europe 2 is the one that resonates most with the 25-49 demographic, which represents nearly two out of three listeners (64% between January and October 2022 on average).

In the September-October 2022 period, the station reported a cumulative audience of 2.6% and an audience share of 1.6%⁽¹⁾. Guillaume Genton (accompanied by Diane Leyre and Fabien Delettres), who joined Europe 2 on 29 August 2022, hosts the station's new breakfast show, *Morning Sans Filtré*. The programme has 720,000 listeners⁽²⁾ in the morning slot (6:00 a.m. to 9:30 a.m.), 503,000 of whom are aged 25-49. Another new feature of the schedule since 29 August is the music show airing between 4:00 p.m. and 8:00 p.m., and hosted by Clément Lanoue and Sandra, attracting 514,000 listeners at the end of each afternoon⁽³⁾.

Listened to by more than 1.7 million people each day, RFM also boasts the longest music station listening times (one hour and 45 minutes a day). The station's performance is being buoyed by:

- ▶ a breakfast show between 6:00 a.m. and 9:30 a.m. hosted by Caroline Ithurbide and Albert Spano since 29 August, with which 910,000 listeners start their day⁽⁴⁾,
- ▶ a drive-time show that attracts 635,000 listeners every day between 4:00 p.m. and 8:00 p.m. This slot, presented by Pat Angeli and Marie-Pierre Schembri, increased its audience share by 0.2 percentage points from September to December 2022⁽⁵⁾,
- ▶ strong musical programming, with RFM attracting over 950,000 listeners between 9:30 a.m. and 4:00 p.m, representing a 3.4% audience share (up 0.1 percentage points)⁽⁶⁾.

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

Cumulative audience %	2015	2016	2017	2018	2019	2020	2021	Jan-Oct 2022
Europe 1	9.0%	8.1%	7.2%	6.4%	5.5%	5.0%	4.5%	3.8%
Europe 2	4.7%	5.0%	4.8%	4.5%	4.3%	3.4%	2.9%	2.7%
RFM	4.5%	4.4%	4.2%	4.1%	4.0%	3.9%	3.4%	3.2%

Source: Médiamétrie EAR National, 13 years and older, Monday-Friday, 5 a.m.-midnight, January-December and January-October 2022, cumulative audience (%).

C.3 ELLE INTERNATIONAL

Elle's international licensing business had an eventful year in 2022, seeing:

In the media segment:

- ▶ the launch of *Elle Décoration* in Brazil,
- ▶ the launch of *Elle Gourmet* in Canada,
- ▶ the continued publication of *Elle* and *Elle Décoration* in Ukraine and the discontinuation of both publications in Russia,
- ▶ continued development of certain online and hybrid events, such as the Elle Deco International Design Awards (EDIDA) and the Elle International Beauty Awards (EIBA), etc.,
- ▶ launch of the editorial initiative *The ELLE 100 Women: The Change-Makers Who Are Shaping The World*, showcasing 100 exceptional women selected by *Elle*'s 45 publications across all continents.

In the non-media segment:

- ▶ opening of the Maison Elle hotel in Paris (France),
- ▶ opening of a 1,000 sq.m. multi-brand Elle Décor shop in India,
- ▶ opening of an Elle café in Phuket (Thailand),
- ▶ launch of the C3 Elle with Citroën,
- ▶ launch of Elle Paris and Elle Girl ready-to-wear websites in South Korea (with Coupang),
- ▶ partnership with the game *My Neighbor Alice* on the metaverse.

For the international Advertising Sales Brokerage:

- ▶ successful deployment of brand content campaigns in Watches & Jewellery,
- ▶ growth in non-endemic business (cars, etc.)



Maison Elle boutique hotel (France).

(1) Source: Médiamétrie EAR National, 13 years and older, average Monday-Friday, 5 a.m.-midnight, September-October 2022, cumulative audience and audience share.

(2) Source: Médiamétrie EAR National, 13 years and older and 25-49-year-olds, average Monday-Friday, 6:00 a.m. to 9:30 a.m., September-October 2022, cumulative audience.

(3) Source: Médiamétrie EAR National, 13 years and older, average Monday-Friday, 4:00 p.m. to 8:00 p.m., September-October 2022, cumulative audience.

(4) Source: Médiamétrie EAR National, 13 years and older, average Monday-Friday, 6:00 a.m. to 9:30 a.m., September-October 2022, cumulative audience.

(5) Source: Médiamétrie EAR National, 13 years and older, average Monday-Friday, 4:00 p.m. to 8:00 p.m., September-October 2022 vs. April-June 2022, cumulative audience and audience share.

(6) Source: Médiamétrie EAR National, 13 years and older, average Monday-Friday, 9:30 a.m. to 4:00 p.m., September-October 2022 vs. April-June 2022, cumulative audience and audience share.

C.4 OBJECTIVES AND ACHIEVEMENTS IN 2022

In 2022, Lagardère News teams worked on the transformation of its three divisions:

- ▶ press, where the strategy focused on developing digital media and a fee-based subscription, as well as on the launch of *JDD Magazine*,
- ▶ radio, with Europe 1 deployed across the audiovisual landscape and the position of music radio stations maintained in a highly competitive environment,
- ▶ Elle International, which continues to cement the leadership of the Elle brand worldwide and to grow its non-media licensing business.

Lagardère News also remained sharply focused on diligently managing costs to limit the impact of the decline in its revenue.

D) OUTLOOK

In 2023, digital expansion will be among Lagardère News' key challenges, based on online subscriptions to *Le Journal du Dimanche* and *Paris Match*, a broader podcast and catch-up offer, and the development of communities via social networks.

Cross-functionality will be the other major challenge, with the development of synergies between the media brands and the promotion of collective and collaborative intelligence between teams.

Lagardère News will also continue to optimise its costs across its entire scope.

1.3.3.2 LAGARDÈRE LIVE ENTERTAINMENT

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Since its creation in 2011, Lagardère Live Entertainment has leveraged its two strategically related businesses:

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

Lagardère Live Entertainment currently 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.

In 2022, Lagardère Live Entertainment and its subsidiaries employed the full-time equivalent of 182 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 established stars such as Florent Pagny, Matthieu Chedid (-M-), Jean-Louis Aubert and Kev Adams, it has gradually built up an A-list of emerging artists with a new generation of talents like Laurie Daron, Stéphane, Malo and Sirius Tremas.

Lagardère Live Entertainment offers a wide range of services to its artists, including marketing, communication, digital strategy, ticketing, technical support, budgeting and booking.

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

Since 2011, the venue portfolio has been enhanced by acquiring iconic Parisian music halls and theatres such as the Folies Bergère and Casino de Paris. Lagardère Live Entertainment has also invested 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) REGULATORY ENVIRONMENT

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.).

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

C) OPERATIONS DURING 2022

Breakdown of revenue by activity

	2022	2021
of which production of live shows and concerts	20%	23%
of which venue management	80%	77%
Total	100%	100%

In 2019, Lagardère Live Entertainment took a new step forward in cementing its position as the French market leader in live entertainment, thanks to a year that saw outstanding attendance at its venues and record ticket sales for its artists. However, 2020 and 2021 saw a drastic drop in business due to the Covid-19 pandemic. During this period, various government-mandated health measures were put in place, directly and significantly impacting the live entertainment sector.

Health restrictions also impacted the first quarter of 2022, with:

- ▶ audience capacity limited to 2,000 people until 1 February 2022 inclusive,
- ▶ sale and consumption of food and drink prohibited until 15 February 2022 inclusive (closure of refreshment stands),
- ▶ mandatory face masks for everyone aged six and over until 26 February 2022 inclusive.

To mitigate the impact of these measures, Lagardère Live Entertainment strove to take advantage of all available government and industry support.

Shows gradually resumed from March 2022 onwards as the health measures were phased out. Thanks to good strategic planning, Lagardère Live Entertainment was able to produce and host a large number of shows in 2022, generating revenue equivalent to pre-Covid-19 years.

2022 also saw the business step up its CSR strategy through numerous initiatives, such as improving the experience of visitors with autism spectrum disorder (ASD) as well as the sorting and recycling of public, production and office waste.

C.1 PRODUCTION OF LIVE SHOWS AND CONCERTS

Business at L Productions was shaped by the production of two major tours:

- ▶ the start of Matthieu Chedid's (-M-) hugely successful tour, with 83 dates played in 2022 (the tour is set to continue in 2023),
- ▶ Jacques and Thomas Dutronc's concert tour, with 38 dates.

Two new tours were announced and went on sale in 2022:

- ▶ Kev Adams' 2023 Zenith tour and festival dates,
- ▶ Florent Pagny's 2023 festival dates, following the cancellation of the second half of his 2022 tour (31 Zenith shows and eight festival dates) for medical reasons.

2022 also confirmed the emergence of talented young performers produced by Lagardère Live Entertainment, such as comedian Philippine Delaire (66 shows) and singer Stéphane (39 concerts).

L Productions also signed several new musical artists, including Malo, Sirius Trema and Lancelot.

Lastly, despite the health crisis, Lagardère Live Entertainment continued to develop the international license for the musical *Les Choristes* (The Chorus) in Canada and Spain.



Arkéa Arena (France).

C.2 VENUE MANAGEMENT

2022 saw a very sharp upturn in activity in venues managed by Lagardère Live Entertainment, with a two-fold increase in the number of performances (459 in 2022, compared with 218 in 2021).

Many international (Sting, Texas, Alicia Keys, 50 Cent, The Cure, Cirque du Soleil, etc.) and French (Orelsan, -M-, Jacques and Thomas Dutronc, Véronique Sanson, Ninho, Damso, etc.) artists were able to perform in venues managed by Lagardère Live Entertainment. Lagardère's venues also hosted more than 100 corporate events, including fashion shows, seminars and general meetings.

D) OUTLOOK

The economic climate will be more challenging in 2023, notably with:

- ▶ an anticipated increase in costs (energy, contractors and suppliers, etc.),
- ▶ uncertainty as to consumer purchasing power due to high inflation.

Nevertheless, in view of venue booking options and ticket sales for artists managed by Lagardère Live Entertainment, we remain reasonably confident that the business will continue to grow, with a significant increase in the number of shows booked at Lagardère Live Entertainment venues. Many artists have already been confirmed, including Stromae, Louise Attaque, Michel Polnareff, Michel Sardou, Florence Foresti, Lomèpal, -M-, Peter Gabriel and Starmania.

The number of dates for shows produced by L Production should also continue to grow, with:

- ▶ the continuation of Matthieu Chedid's (-M-) tour in France, as well as in Canada and the US,
- ▶ the return of Florent Pagny for a festival tour,
- ▶ Kev Adams' Zénith dates and festival tour.

This positive forecast will also be supported by the ramp-up of tours of emerging artists signed by L Productions (Malo, Stéphane, Laurie Darmon, Sirius Trema, Lancelot, etc.).

Lastly, the CSR approach will be stepped up through successive plans to reduce environmental impact while continuing to raise awareness of CSR issues among employees, contractors and clients.

C) OPERATIONS DURING 2022

Breakdown of revenue by activity

	2022	2021
Income from membership fees	77%	82%
Other	23%	18%
Total	100%	100%



Inaugural edition of the Lagardère trophy (France).

After the last Covid-19-related measures were abolished in early 2022 – mainly affecting the Foodservice activity – the Croix Catelan site was able to return to its normal capacity and footfall.

The year saw the creation of a major international event in May 2022 with the inaugural edition of the Lagardère Trophy, a professional women's tennis tournament (WTA 125), which helped to raise the profile of the Lagardère Paris Racing brand and strengthen ties with its members.

1.3.3.3 LAGARDÈRE PARIS RACING

A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

Created in 2006 and with 13,000 members, Lagardère Paris Racing's main activity is to organise sports activities at the Croix Catelan site (Paris, France). This site boasts 44 tennis courts (14 of which are natural clay courts), three padel tennis courts, two outdoor swimming pools (including an Olympic pool) and fitness facilities.

Croix Catelan also has a Foodservice offering as well as sports shops, a children's play park and entertainment venues.

Since its creation, a vast renovation programme has been carried out to modernise and upgrade all the club's technical and sporting facilities. Lagardère Paris Racing has been awarded ISO 14001 certification by AFNOR (a French standards organisation), in recognition of the initiatives undertaken as part of its environmental policy. These include rainwater collection, energy stewardship and improved waste sorting.

B) REGULATORY ENVIRONMENT

Lagardère Paris Racing is subject to regulations applicable to establishments receiving members of the public and occupying public land, and to town planning law, the sports code and the statutes and regulations of the federations of the sports practised within its facilities.

The membership renewal campaign demonstrated the firm loyalty of existing members and the strong appeal of the club, which has a waiting list of over 350 prospective members.

D) OUTLOOK

Lagardère Paris Racing will continue its activities along two main lines in 2023:

- ▶ promoting sport and the values embodied by sport,
- ▶ continuing to upgrade its facilities and sports equipment.

To coincide with the second edition of the WTA tournament, the club will launch various promotional and outreach initiatives for young tennis players in the Paris region, particularly children and young adults from disadvantaged Parisian neighbourhoods.

Lagardère Paris Racing has also been officially selected as a Preparation Centre for the tennis and wheelchair tennis disciplines at the Paris 2024 Olympic and Paralympic Games. As from 2023, the site will thereby be able to welcome delegations wishing to use its facilities for training.

1.4 MAJOR INVESTMENTS

The Group's major contractual commitments in terms of investments are described in notes 32 and 33 to the 2022 consolidated financial statements.

1.4.1 INVESTMENT AND INNOVATION POLICY

1.4.1.1 PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(in millions of euros)	2022	2021	2020 ⁽¹⁾
Lagardère Publishing	49	38	39
Lagardère Travel Retail	124	92	121
Other Activities	4	6	7
Total target scope	177	136	167
Assets sold and pending disposal at Lagardère Active	-	-	3
Total	177	136	170

(1) In accordance with IFRS 5, Lagardère Sports was classified as a discontinued operation at 31 December 2020. Its earnings and cash flows for 2020 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations.

1.4.1.2 PURCHASES OF INVESTMENTS

(in millions of euros)	2022	2021	2020 ⁽¹⁾
Lagardère Publishing	68	273	31
Lagardère Travel Retail	140	39	2
Other Activities	2	(33)	2
Total target scope	210	279	35
Assets sold and pending disposal at Lagardère Active	-	-	1
Total	210	279	36

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

(1) In accordance with IFRS 5, Lagardère Sports was classified as a discontinued operation at 31 December 2020. Its earnings and cash flows for 2020 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations.

1.4.2 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.

1.4.3 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 Aéropartenaire joint venture at Lagardère Travel Retail.

1.4.4 MAJOR INVESTMENTS IN 2022

Purchases of property, plant and equipment and intangible assets represented an outflow of €177 million, €41 million higher than in 2021. The increase in this item compared to the prior year was mainly driven by 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 (€49 million), which is investing in a transformation plan for its logistics and information systems.

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 Welbeck Publishing Group, Paperblanks and Bragelonne (Lagardère Publishing).

1.5 MATERIAL CONTRACTS

AFR

1.5.1 MATERIAL 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. This transaction valued Lagardère Sports at approximately €110 million. On 26 July 2021, the Lagardère group sold to H.I.G. Capital the residual non-strategic stake of 25% at a value slightly higher than its net book value.

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 USD 240 million (€215 million based on the exchange rate at the acquisition date). Workman Publishing publishes Children and Young Adult titles, Illustrated Books and non-fiction.

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 €103 million.

ACQUISITION OF PAPERBLANKS

On 14 January 2022, Hachette UK signed an agreement to acquire the entire share capital of Paperblanks, the world's second largest publisher of notebooks, diaries, journals and other premium stationery after Moleskine.

ACQUISITION BY LAGARDÈRE TRAVEL RETAIL OF A MAJORITY SHARE IN CREATIVE TABLE HOLDINGS LTD

On 1 April 2022, Lagardère Travel Retail acquired 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 allow Lagardère Travel Retail to benefit from a foothold in one of the world's most renowned airline hubs and opens up new development prospects at Dubai airport.

LAGARDÈRE TRAVEL RETAIL WINS THE TENDER TO OPERATE DUTY FREE & FASHION STORES IN PARIS AIRPORTS

Following the public consultation launched in November 2021, Lagardère Travel Retail was selected in July 2022 as co-shareholder of the ADP group in the future Extimé Duty Free joint venture, which will be responsible for the design, development and operation of nearly 150 Duty Free & Fashion stores in the Paris-Charles de Gaulle and Paris-Orly airports for the next ten years.

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 and Carlton Holding AG signed an agreement under which Lagardère Travel Retail would acquire 100% of the shares of Marché International AG, the holding company of the Marché group. The transaction was completed in February 2023 after the conditions precedent were lifted. Marché is a well-established international foodservice operator in travel and leisure locations. The acquisition of Marché, a long-standing and highly recognised brand globally, considerably strengthens Lagardère Travel Retail's portfolio of in-house brands and helps consolidate its network of restaurants across Europe.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

1.5.2 CONTRACTS INVOLVING MAJOR COMMITMENTS FOR THE WHOLE GROUP

The Company and its subsidiaries have also entered into a certain number of material 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 note 28 to the 2022 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. 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. 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. A further amendment was signed on 21 April 2022, (i) immediately reducing the credit facility from €1.102 billion to a total of €1.042 billion and (ii) extending the maturity of a €982 million tranche from March 2023 to April 2024, with the option to further extend the maturity to April 2026 subject to the agreement of the banks (see note 28.1 to the consolidated financial statements),
- ▶ 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 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 30 September 2021, the Company issued a total of €500 million worth of six-year bonds on the Luxembourg stock market, maturing in October 2027 and paying an annual coupon of 1.75%.

1.6 RECENT DEVELOPMENTS (SINCE 1 JANUARY 2023)

1.6.1 SIGNIFICANT EVENTS

1.6.1.1 FINALISATION OF THE ACQUISITION OF MARCHÉ INTERNATIONAL BY LAGARDÈRE TRAVEL RETAIL

On 1 February 2023, Lagardère Travel Retail announced that it had finalised the acquisition of Marché International, a foodservice company with international operations.

Lagardère Travel Retail will therefore take control of the Marché network of restaurants in six countries, namely Austria, Croatia, Czech Republic, Germany, Singapore and Slovenia.

1.6.2 MAJOR CHANGES IN THE GROUP'S FINANCIAL AND COMMERCIAL POSITION

None.

1.7 OUTLOOK

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1.7.1 TREND INFORMATION

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.

1.7.2 OUTLOOK

The outlook for each of the Group's businesses is disclosed in section 1.3.

1.8 EARNINGS FORECAST

None.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

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2

NON-FINANCIAL STATEMENT AND DUTY OF CARE PLAN

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2.1 THE LAGARDÈRE GROUP BUSINESS MODEL

AFR

Section 1.3 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

A sustainable value creation model

INPUTS AND RESOURCES⁽¹⁾

HUMAN CAPITAL

27,383 employees
45% of women top executives
43% of top executives and managers with more than ten years' service

FINANCIAL CAPITAL

€387 million in business investment
€1,893 million in available liquidity
Leverage ratio⁽²⁾ of **2.9x**

ENVIRONMENTAL AND SOCIETAL CAPITAL

265 GWh tertiary power consumption⁽³⁾
177 kilotons of paper purchased and supplied
21,011 audiobooks available in the Lagardère Publishing catalogue at year-end

BUSINESSES

Lagardère is an international group with operations in more than 40 countries worldwide. It ranks among the world leaders in publishing (Lagardère Publishing) and travel retail (Lagardère Travel Retail)

Lagardère Publishing

Books
e-Books
Board Games and Mobile Games

Lagardère Travel Retail

Travel Essentials
Duty Free & Fashion
Foodservice

Other Activities

Press, Radio and the Elle brand licence
Live entertainment production and venue management
Sports club

VALUE CREATION⁽¹⁾

EMPLOYEE VALUE

14,481 permanent recruitments
307,423 training hours Group-wide
45% of employees with a portion of variable remuneration
69% of workforce with employee representation

FINANCIAL VALUE

€6,929 million in revenue
€438 million in recurring operating profit (recurring EBIT)
€294 million in free cash flow before changes in working capital
€1.30 per-share dividend⁽⁴⁾

ENVIRONMENTAL AND SOCIETAL VALUE

99% of paper purchased and supplied certified or recycled
10.9 tCO₂eq. of emissions per €m of revenue
Lagardère is a member of the S&P Global Sustainability Yearbook 2023

(1) Data at 31 December 2022.

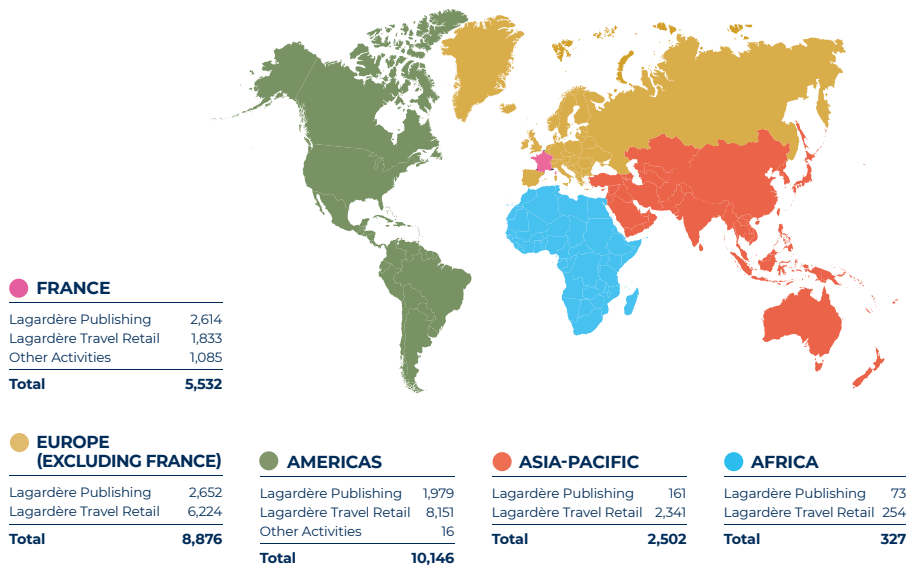
(2) Leverage ratio: net debt/recurring EBITDA.

(3) Oil, gas, electricity and district heating.

(4) Dividend subject to shareholder approval at the Annual General Meeting to be held on 18 April 2023.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

Workforce by geographic area at 31 December 2022



2.2 CSR POLICIES, STAKEHOLDERS AND GOVERNANCE

AFR

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.

2.2.1 CSR POLICY OBJECTIVES

2.2.1.1 ADAPTING CSR TO GROUP STRATEGY

The Lagardère group applies its CSR policy across the Group's various businesses. The CSR 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.).

2.2.1.2 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, 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 2.7), as well as Regulation (EU) 2020/852 of the European Parliament, known as the Taxonomy Regulation (see section 2.8).

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 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⁽²⁾) – 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.

Lastly, as in previous years, Arnaud Lagardère, Chairman and Chief Executive Officer of Lagardère SA, has renewed his commitment to the principles of the Global Compact, which the Group has upheld since 2003.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(1) International Labour Organization.
(2) 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

2.2.1.3 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, general public and industry – are mapped out in the following chart. 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, both at Group level and in each entity. The information provided herein mainly refers to dialogue structured at the level of the listed company, Lagardère SA.

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 Council, 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 Council 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 Council 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.

In 2022, Vivendi SE's public offer for Lagardère SA meant that social dialogue was particularly intense and sustained at every level of the organisation.

For the most part, the procedures for informing and consulting employee representatives concerning the public offer and the resulting link-up project were fulfilled during the year through a series of extraordinary meetings of the Group Employees' Committee and the European Works Council. The Group Employees' Committee also appointed a new employee director to the Board of Directors of Lagardère SA, following the retirement of the previous incumbent.

In the subsidiaries, discussions between management and employee representatives focused on the repercussions of the upturn in business following the Covid-19 crisis, the various reorganisations under way and employee queries concerning the Group's planned link-up with Vivendi.

B) 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.

For the fifth year in a row, for example, the Lagardère group was selected for the S&P Global Sustainability Yearbook 2023, in recognition of its commitment, its level of maturity and its best sustainability and ESG practices in 2022. The Group ranked sixth in the "Media, Movies and Entertainment" category out of more than 200 global corporations assessed.

In respect to 2021, Lagardère also obtained the following outcomes:

- Sustainalytics: 2022 "ESG Industry Top-Rated" and "ESG Regional Top-Rated",
- VigeoEiris: ranked second (out of 21) in the Publishing industry.

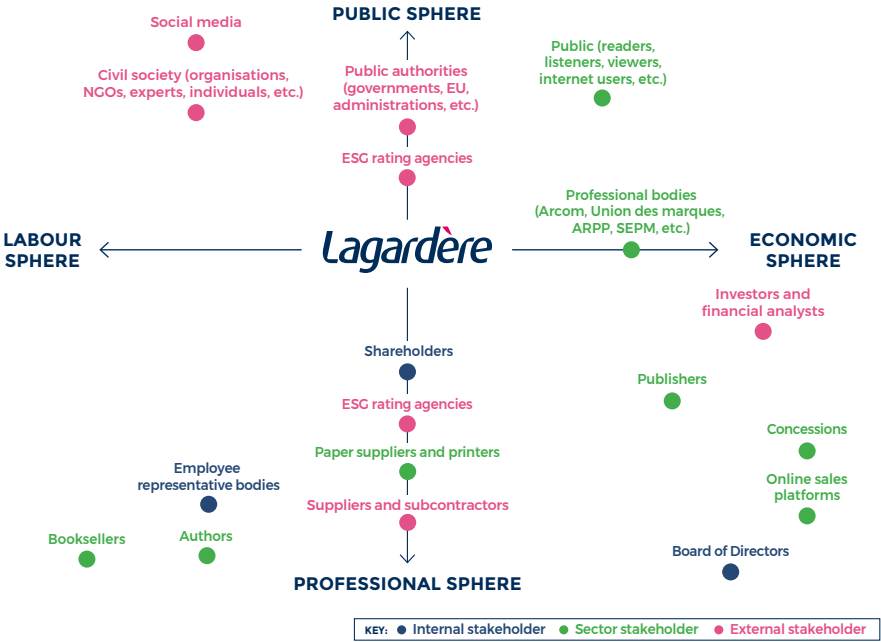
C) STAKEHOLDER PANEL

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 already met eleven times since it was first set up, with the 2022 meeting focusing on the Group's low carbon strategy and related emissions reduction action plans.

Discussions with the panel also enabled the Group to validate the materiality analysis conducted in 2017.



2.2.2 CSR PLAYERS AND GOVERNANCE

Updated in 2020, Lagardère's Code of Ethics is a collection of guidelines setting out the shared standards that all Lagardère employees must abide by. 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 define 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 systems and programmes provided.

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.

CSR issues are also regularly reviewed by the Board of Directors and specifically addressed by its CSR Committee, which was set up in 2015 under the previous partnership limited by shares. In 2022, the Sustainable Development and CSR Department regularly appeared before the Committee and the Board to report on diversity and gender balance issues, the preparation of non-financial information, the tracking of social indicators and the Group's ESG ratings. In addition, in September, the Sustainable Development and CSR Department presented the Group's entire CSR strategy to the Board, with a focus on the low-carbon strategy and the findings of the climate risk analysis.

2.3 STRATEGY, DEPLOYMENT AND RESULTS

AFR

The CSR roadmap, updated following an initial materiality analysis carried out in 2017, is based on four pillars, including one concerning compliance and governance:

► **Limiting the environmental impact of our products and services**

The Group works towards a pragmatic, environmentally-driven commitment that is relevant to its business activities, 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 growing its business in accordance with the leading quality, compliance and ethical standards, while endeavouring to seize all the opportunities that arise in addressing the related issues.

The Group plans to update the materiality matrix in 2023 as part of the preparation for the Corporate Sustainability Reporting Directive (CSRD), which will come into effect in 2024.

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 integrating 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 materiality matrix.

This cross-analysis helped to narrow the list to 13 non-financial risks and opportunities. After the risks were assigned individual ratings depending on each Group business, they were ranked using the Group's risk scoring methodology and weighted according to revenue.

The map was reviewed and updated in 2020 following the Group's strategic refocusing. 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 non-financial areas as carrying risks and opportunities:

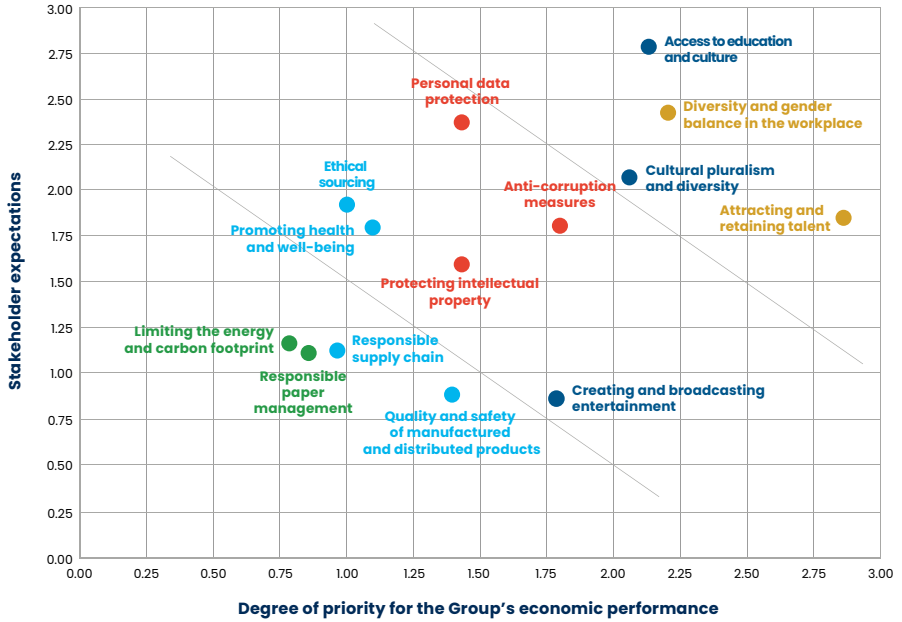
- management of skills and key talent,
- diversity and gender balance in human capital,
- access to and dissemination of education, culture and entertainment,
- fighting climate change,
- resource management, anti-waste measures and the circular economy,
- quality, compliance, hygiene and safety of the products sold,
- respect for privacy,
- respect for fundamental freedoms,
- fighting corruption.

Section 2.3 describes the Group's strategy, its implementation in the business lines and the indicators in place to track progress and areas for improvement. The strategy is also aimed at addressing the risks and opportunities identified in the mapping exercise.

Lastly, it should be noted that, given the nature of Lagardère's business activities, the issues of food insecurity, animal welfare or initiatives to encourage physical activity and sports do not represent major CSR risks for the Group. Nevertheless, they are mentioned in respect to dedicated programmes as part of the aspects described below.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

Lagardère group materiality matrix



KEY:			
● Contribution to society	● Value of human capital	● Non-compliance costs	● Ethics and quality
	● Environmental costs and risks		

Corporate social responsibility cross-reference table

ESG challenges	Non-financial risks and opportunities	Strategy and KPIs	SDG
Placing people at the heart of our strategy	Management of skills and key talent	Chapter 2.3.1.1 KPI: • Resignation rates • Percentage of top executives and managers with more than ten years of service • Percentage of employees with a portion of variable remuneration • Average training hours per employee • Percentage of employees covered by an engagement survey • Number of work-study trainees and interns hired during the year	 
	Diversity and gender balance in human capital	Chapter 2.3.1.2 KPI: • Percentage of women top executives • Percentage of women managers • Percentage of managers to receive diversity awareness-raising or training during the year • Number of permanent employees classified as disabled at 31 December	 
Sharing the social and cultural diversity of our businesses	Access to and dissemination of education, culture and entertainment	Chapter 2.3.2.1 KPI: • Number of audiobooks available in the Lagardère Publishing catalogue at year-end • Percentage of e-books available in ePub3 format among new textbooks (level 1 accessibility) in the Lagardère Publishing catalogue at year-end • Percentage of e-books available in ePub3 format among new textbooks that successfully passed the Level 2 Accessibility Check for Epub in the Lagardère Publishing catalogue at year-end	 
Limiting the environmental impact of our products and services	Fighting climate change	Chapter 2.3.3.1 KPI: • Scopes 1 & 2 carbon emissions per €m of revenue (in tCO₂e) • Scopes 1 & 2 and business travel and commuting carbon emissions per FTE employee (in tCO₂e)	 
	Resource management, anti waste measures and the circular economy	Chapter 2.3.3.2 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 revenue in countries with food waste measurement systems or initiatives in place • Percentage of Foodservice revenue from countries that have phased out single-use plastic consumables for food products produced by proprietary brands	 
Ensuring ethical and responsible corporate governance	Quality, compliance, hygiene and safety of the products sold	Chapter 2.3.4.1 KPI: • Number of countries audited for health and safety during the year • Percentage of countries audited for health and safety at year-end	 
	Respect for privacy	Chapters 2.3.4.3 et 2.3.4.4 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		
	Fighting corruption	Chapter 2.3.4.5	

2.3.1 PLACING PEOPLE AT THE HEART OF OUR STRATEGY

2.3.1.1 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 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.

Lastly, the issues of **engagement** and **quality of worklife** have become increasingly important in recent years, particularly in the wake of the health crisis. The Group's various divisions and entities are gradually structuring their processes by strengthening initiatives already under way for a number of years and by taking new approaches. Work-life balance, physical well-being and employee engagement are core drivers of the Group's strategy in this area.

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. Every year, the training hours data highlight the consistency of the Group's training commitment, with 65% of the total allocated to job skills or management practices. These courses are closely correlated to employees' current performance and development potential.

Lagardère Publishing offers employees in all its entities an array of ambitious training and motivational programmes.

Highlights of 2022 included the deployment of courses to support managers in addressing psychological and social risks and the development of new formats for collaborative sessions on engagement, innovation and the environment.

In France, for example, Hachette Livre rolled out a series of courses on inclusive management practices, open to all managers.

In addition, as part of an introductory eco-design curriculum, around 110 Group employees in France attended courses and co-construction sessions on best environmental practices.

Internationally, an innovation challenge was also opened to all Group employees worldwide. The format, which stimulated team creativity, was a huge success, with 170 employees taking part in every Hachette Livre Group host geography.

In France, a major effort was made to deploy an e-learning module that any employee can access to improve their efficiency by activating three interlocking levers: optimising communication, successfully disconnecting and managing priorities.

To enhance buy-in of its fundamentals by international employees, every year, Lagardère Travel Retail organises two motivational events for the Group's executive teams and talented employees. These events offer an opportunity to celebrate the success of Group teams:

- ▶ the two-day Hermès Leadership Forum, held in Paris in June, brings together the executive committee teams of every Group entity for a plenary session and issue-orientated breakout sessions,
- ▶ the online Global Digital Day enables Group leaders to address around 600 employees in 25 countries, sharing the latest news about the company and its CSR commitments and future projects.



Photo mosaic of Lagardère Travel Retail employees at the Hermès Leadership Forum.

At Lagardère Travel Retail in France, a major effort was made to roll out the skills development plan for head office employees, which featured a wide range of courses on topics ranging from job-specific skills (negotiation techniques, supply chain practices, etc.) to management and leadership skills (roll out of the feedback procedures to all employees), IT applications for the technical teams and personal skills development for employees (public speaking, etc.)

Some of Lagardère Travel Retail's entities also put together a "talent marketplace" enabling employees to share their skills, knowledge and know-how.

Lastly, Lagardère Travel Retail France leveraged its TOKNOW e-learning platform to expand access to training at any time and on a range of devices (smartphone, tablet, etc.). Lagardère Travel Retail France is using digital training to become more agile, productive and proactive. Since 2022, the blended learning approach, under which the best medium is chosen to suit the business and the trainees concerned, became the norm.

307,000 hours of training dispensed across the Group.

INTERNAL MOBILITY

Internal mobility is a key component of human resource management, building on the training and employee skills development initiatives.

Furthermore, the stark differences in the Group's business activities make mobility for operating staff between divisions very challenging. In France, however, the Lagardère group has developed a special process to assess mobility opportunities (mainly in the support functions) and the profiles of transfer applicants. Comprising HR mobility officers, this inter-division committee met five times in 2022, in addition to regular discussions among the members.

At Group level, 1% of vacancies for permanent positions were filled through internal mobility in 2022. 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 2022, the Group's internal mobility rate came out at 7.7% (versus 6% in 2021).

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 have set up 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.

The Group also seeks to build loyalty among key talent through regular awards of shares in the parent company, Lagardère SA. Every year since 2009, for example, the Group has granted free shares to a large number of managers and young talent (see the special report in section 3.8.9).

QUALITY OF WORKLIFE AND EMPLOYEE ENGAGEMENT

After spreading across every division during the health crisis, working from home developed into a standard procedure in 2022, with an average two days of remote work per week. The option is available to employees in any compatible position, which tends to exclude certain jobs like store sales staff, logistics operators and journalists.

At Hachette Livre, several initiatives to enhance quality of worklife and improve employee work-life balance, health and well-being (massage, coaching and relaxation methods, etc.) have been deployed in the various entities.

Introductory webinars are also regularly offered to employees on time management, disconnecting and the movements and postures that help to prevent musculoskeletal disorders (MSDs). Other courses raise manager awareness of communication challenges, the prevention of psychosocial risks and inclusive management practices. Lastly, Hachette Livre France worked closely with a panel of employees in 2022 to redesign meeting rooms and outdoor spaces in its two main office buildings, to enhance their appeal and encourage collaborative working and creativity.

In the United Kingdom, Hachette UK is also fostering physical well-being in the workplace with its Well-being Employee Network, which organises a number of activities open to all, including softball, netball, running, yoga, Pilates and walks in partnership with the Mental Health Mates network. In addition, the UK subsidiary offers an Employee

Assistance Programme telephone hotline, which any employee can call, free of charge and anonymously, to access psychological support, legal, financial or medical advice or elderly or child care advice. Lastly, events are regularly organised to raise employee awareness of mental health issues. During Stress Awareness Month and Mental Health Awareness Week, author conferences were organised and Group titles were featured. Hachette UK has also trained some of its staff as Mental Health First Aiders.

Lastly, Hachette Livre France has also deployed systems to address the most extreme situations. At Hachette Livre in 2016, a company-wide agreement introduced a leave donation scheme allowing employees to give paid time off to colleagues so that they could care for their seriously ill child without loss of pay. In 2022, the system was broadened to two new categories: employees who have lost a child under 25 and employees who are caring for a relative with disability or dependence.

During the year, every Lagardère Travel Retail subsidiary conducted an initial or repeat Gallup survey of employees, which measures engagement through 12 questions. Based on the findings, action plans were prepared to address each situation, in a commitment to fostering and encouraging employee engagement. For example, in response to the need for consideration made clear by the survey, Lagardère Duty Free Global, head office of the Duty Free & Fashion business line, encouraged employees to speak up through a "care interview" with their manager to identify sources of discontent and attenuate them with collective and individual action plans.

Lastly, Lagardère group operating entities are deploying a variety of local health and well-being at work programmes, aligned with their particular sensitivities, situation and challenges. In Italy, Lagardère Travel Retail provided cancer awareness training in partnership with LILT and offered women employees check-ups as part of the breast cancer prevention scheme. At the same time, a psychological support hotline was opened, with voice, video and online chat access and all managers were trained in psychological support.

Lagardère Travel Retail Spain and Portugal also nurtured employee well-being and health with such programmes as workshops open to all (healthy eating, health, sleep, stress management, etc.), participation in charity sports events, employee sports challenges, a flu vaccination campaign, access to reduced-rate medical insurance and free annual medical check-ups for every employee.



Lagardère Travel Retail employees during a team-building exercise to support the Action Against Hunger NGO.

A.3 PERFORMANCE**Resignation rates⁽¹⁾ (in %)⁽²⁾**

Division	2022			2021			2020		
	Top executives	Managers	Other employees	Top executives	Managers	Other employees	Top executives ⁽¹⁾	Managers	Other employees
Lagardère Publishing	3.7	8.5	18.9	2.9	7.6	13.5	-	5.1	10.0
Lagardère Travel Retail	15.0	13.3	54.9	8.7	8.8	19.4	-	9.4	21.7
Other Activities	4.1	11.8	14.3	4.2	7.4	10.3	-	8.0	6.3
Group	9.3	10.8	47.3	6.0	9.8	38.9	-	7.2	19.7

(1) Data reported for the first time in 2021.

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 among the subsidiaries.

Voluntary departures are especially common at Lagardère Travel Retail, as retail employees are included in this indicator across a broad scope.

Other performance indicators

Indicator	2022	2021	2020
Percentage of top executives and managers with more than ten years of service	43	44	45
Internal mobility rate	7.7	6.0	7.4
Percentage of employees with a portion of variable remuneration	45	42	46
Average training hours per employee	12.3	13.3	8.6
Percentage of employees covered by an engagement survey ⁽¹⁾	63.0	-	-
Number of work-study interns and trainees hired during the year	989	910	823

(1) Data reported for the first time in 2022.

2.3.1.2 DIVERSITY AND GENDER BALANCE IN HUMAN CAPITALS

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 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 2022, for example, they represented **64% of the total permanent workforce** and 60% of managers. Not surprisingly, they also made up the majority of training participants (women took 65% 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 64% of pay rises).

(1) Calculated as (resignations plus recruitments) divided by 2 divided by the workforce at 31 December of the prior year.

(2) 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 2022 just over 1% of the workforce (versus just over 2% of the 2021 workforce).

The steady increase in the percentage of women in senior management prompted the Group, starting in 2021, to focus its efforts on a smaller number of “top executives”, representing a little more 350 people. Within this revised group⁽¹⁾, the proportion of women has risen from 42% in 2020 to 44% at end-2021 and 45% at end-2022, which was the target set in early 2021 for year-end 2024. The improvement target was therefore met very quickly, two years ahead of schedule

LAGARDÈRE RANKS FOURTH IN THE PROPORTION OF WOMEN ON EXECUTIVE BODIES

The Lagardère group's commitment to promoting women to senior management positions was recognised in 2022 when it was ranked fourth among the SBF 120 companies in terms of the percentage of women on its executive bodies, thus confirming the very strong, steady pace of improvement in recent years. Introduced in 2013 to track compliance with the Copé-Zimmermann Act, the annual ranking of the 120 largest French corporations illustrates their commitment to the representation of women on their executive bodies and, more generally, to gender equality at work.

One of the ways the Group supports women is through a cross-division mentoring programme led by the LL Network, an employee advocacy group set up in 2018 dedicated to promoting gender balance for all employees in France. In 2023, the fourth class of mentees will benefit from the experience of executives from other subsidiaries. This network is also 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.

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 at its 2021 launch. In 2022, a new implicit bias self-assessment application was enhanced with a more thorough range of diversity stereotypes, in addition to sexism. During the year, the subsidiary also reinforced its initiatives promoting gender equality in the workplace by signing a gender equality agreement with employee representatives, in which it undertakes to maintain the full salary of any employee with at least six months' seniority throughout their entire second parent leave. Note that French law had lengthened this leave from 11 to 25 calendar days (or 28 days in the case of multiple births) but did not mandate payment of the employee's salary over the period.

In the United Kingdom, Hachette UK has always endeavoured to foster a culture of openness and inclusion in the workplace. In line with this, a number of inclusion and support initiatives have been launched for women during pregnancy, child loss and menopause. These initiatives were rolled out alongside events featuring published authors in order to raise their profile. All these actions are designed to ensure that women have the support they need to sustain fulfilment in their work.

The Group's weighted equal pay index as calculated based on the scope of its host geographies and the diversity of its customers and consumers.

45% of top executives are women.

BREAKING DOWN STEREOTYPES

The broad diversity of Lagardère's employees reflects both the variety of its host geographies and the diversity of its customers and consumers.

Diversity and inclusion committees have been gradually set up in the subsidiaries, with a focus on diversifying recruitment channels.

At Group level, regular sensitivity and other training programmes on managing diversity and combating stereotypes are continuing apace, building on the hiring procedure diagnostics conducted until 2019. 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 2022, 125 managers were trained in France.

Following on from previous years, several initiatives conducted in partnership with non-profit organisations promoting diversity and inclusion were pursued across the Group in 2022. In France, the non-profit organisation Nos quartiers ont des talents (Our neighbourhoods have talent) was supported by sponsors at Hachette Livre and Lagardère News. During the year, Hachette Livre also renewed its three-year partnership with Sciences Po Paris, to provide financial support for the school's Priority Education Contracts (CEP) and enable division executives to act as mentors to programme participants.

Hachette UK remains at the forefront on combating stereotyping 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 percentage rose to 13.3% in 2022, from 11.5% in 2021 and 7.7% in 2019.

In the United States, Hachette Book Group, which hired a Head of Diversity and Inclusion in 2021, is partnering with organisations to make publishing more inclusive, diverse and accessible to all (see next section for more details).

Lagardère Travel Retail continued its work in 2022 as the Diversity and Inclusion Committee at Paradies (United States), established in 2020, conducted numerous awareness-raising initiatives. Examples include sensitivity training programmes, monthly celebrations of major contributors to North American culture (Black History Month, Pride Month, etc.) and employee bonding events (mentoring, mystery lunches, book club, etc.).

(1) This group includes (i) members of the 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 country entities for Lagardère Travel Retail, and (iv) senior executives for Lagardère Publishing.

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 2022. After forming a network of Disability Officers in 2021, the entity organised several events including a successful online seminar with feminist author and lawyer Elisa Rojas.



Lagardère Travel Retail teams also took action to address disability issues in Italy, where a Charter for Equal Opportunities was signed in 2021, and in the United Kingdom, where participation in the Disability Confident programme, under way since 2019, was extended to all points of sale in 2022.

Lastly, in France, several Group entities once again took part in the DuoDay event, when people with disabilities can pair off with employee volunteers to visit the workplace for a day. Along the way, they learn about the business, participate in job activities and generally immerse themselves in the working environment.

A.3 PERFORMANCE

Indicator	2022	2021	2020
Percentage of women top executives	45	44	42
Percentage of women managers	60	58	57
Percentage of managers to receive diversity awareness-raising or training during the year ⁽¹⁾	30	16	-
Number of permanent employees classified as disabled at 31 December	406	342	339

(1) Data reported for the first time in 2021.

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 2.3.4.4 on respect for fundamental freedoms).

2.3.2 SHARING THE SOCIAL AND CULTURAL DIVERSITY OF OUR BUSINESSES

2.3.2.1 ACCESS TO AND DISSEMINATION OF EDUCATION, CULTURE AND ENTERTAINMENT

Sometimes referred to as the fourth pillar of sustainable development, culture plays a central role in the Group's businesses. As a world leading company fully engaged in society, mindful of social change, and deeply immersed in the worlds of reading, writing, travel and information, Lagardère bears a special social responsibility in this domain. 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

Promoting cultural diversity, a plurality of ideas, freedom of expression, critical thinking, the ability to analyse and understand the world, the accessibility of content and the transmission of knowledge are just some of the commitments demonstrated by the Group's operating entities, depending on their particular sensitivities, geographic locations and local situations. This involves, in particular, forming partnerships and deploying 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, especially those 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 AND ENTERTAINMENT

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 visually impaired people, as well as for people who have difficulty reading, such as young people with dyslexia. 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 France's national library (Bibliothèque Nationale de France – BNF) to allow the creation of files adapted by approved bodies.

Several of the Group's Children and Young Adult, Textbooks and Paperback publishers have also signed a partnership to make more than 150 titles (to date) from their catalogues accessible to readers with dyslexia or learning difficulties, in audio or digital formats. Some of them have also developed a print offer for these young audiences.

In addition to its daily activities and involvement via the French Publishers' Union (SNE) in every public event dedicated to combating illiteracy and encouraging reading, Hachette Livre leads many initiatives to promote reading. In France, the most emblematic is Le Camion qui Livre, which embarked on its ninth consecutive year of commitment in 2022. 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 the United Kingdom, Hachette UK, which partnered with the Royal National Institute of Blind People (RNIB) in 2021 to make its entire back catalogue available on the RNIB Bookshare platform, is now a Disability Confident Committed employer and is seeking to earn level 3 Disability Confident Leader status by 2024.

In 2022, among other initiatives, its accessibility network (i) supported the launch of the Inklusion Guide, which summarises best-practice accessibility across hybrid, online and in-person literary events, and (ii) extended its partnership with Calibre, the only UK charity providing free audiobooks for life to anyone living with a print disability. As part of the latter, Hachette UK donated more than 10,000 books to the Calibre audio library.

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 (21,049 titles in 2022)

and audiobooks (7,030 titles in 2022) 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 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 2022, Hachette Book Group donated around 15,000 books as part of this partnership.

The subsidiary also pursued, for the tenth year running, its partnership with the Read Ahead programme. 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 continues 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, Hachette Book Group 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.

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,
- comics and graphic novels were celebrated at the Angoulême International Comics Festival, to help make these educational cultural products adored by readerships of all ages even more accessible,
- signing sessions were organised in the stores throughout the year,
- the division put a focus on publishers' advertising campaigns to encourage people to read books and magazines.

In 2022, Lagardère Travel Retail France also launched the first Relay Comic Book Award.

Lastly, in France, the Group's main divisions joined forces on two 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, during the year-end festive season, teams at more than 100 hospital-based Relais H stores in France have donated books and newspapers to hospital departments, specialised services and libraries, thereby enabling both children and adult patients to enjoy a dose of culture and entertainment, with hundreds of titles available.

At Lagardère Live Entertainment, employees based at the Arkéa Arena (an 11,300-seat multi-purpose venue located in Floirac near Bordeaux) are leading sensitivity initiatives to make culture accessible to all audiences by fostering equal opportunity, diversity and inclusion.

With this in mind, and in line with their participation in World Autism Awareness Day since 2018, the teams wanted to improve their ability to welcome and meet the needs of people with ASD⁽¹⁾ and sensory processing issues. They therefore defined effective reception protocols and tools by working with stakeholders (venue employees, non-profits, specialised educators, families and users) in collaborative workshops and awareness-building sessions (on-site visits, the spectator journey).

In this way, several needs were identified, such as planning ahead for the concert experience to reduce anxiety, encouraging suitable behaviour while waiting for the show to start, dimming noise/lighting in the event of discomfort, managing stress from feelings and emotions, and maintaining communication in all circumstances. In turn, this led to the deployment of a number of initiatives since 4 December 2022 for audiences with special sensory needs.

To improve their experience before the event, people can now book and organise their visit to Arkéa Arena by consulting important recommendations on a dedicated page and FAQs accessible online via computer, tablet or smartphone. To organise the visit and reduce anxiety, an easy-read social scenario can also be viewed and downloaded at any time.

To enhance their show-time experience, on the day of the event, people and their companions can also pick up free sensory kits at the Arena containing items such as headphones, dark glasses, a fidget spinner, a floor plan, a notebook and pencils, earplugs and a conversation card with essential pictograms.

In addition, there is a dedicated entrance next to the ticket office, as well as a rest area in the Infirmary for people in need of a time out.

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.

In October 2017, Hachette Livre became a founding investor in 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.

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 specialised in ecological issues. This acquisition has enhanced Lagardère Publishing's variety of catalogue and has provided La Plage with a broader platform for its authors to wave the environmental flag.

In its commitment to fostering cultural diversity, Lagardère Publishing has undertaken a multitude of initiatives in France and other countries.

One example is the JC Lattès "Voix d'Afriques" writing competition, launched in partnership with RFI and the Cité internationale des arts, the third edition of which took place in 2022. Intended for young authors, this prize aims to showcase new African novel-writing talent in French.

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 networks, etc.) designed to make Hachette UK the leading publisher in the United Kingdom. In 2022, Dialogue Books, founded in 2017 as part of Changing The Story, became a standalone division showcasing stories by, about, and for readers from LGBTQI+, disabled, working class, black, Asian and marginalised communities.

Among other initiatives, in 2022 Hachette UK also supported Index on Censorship, a non-profit organisation that defends freedom of expression worldwide, publishes works by censored writers and artists, encourages debate and monitors threats to freedom of expression.

MAKING PUBLISHING MORE INCLUSIVE, MORE DIVERSE AND MORE ACCESSIBLE TO ALL

In late March 2022, Hachette Book Group launched four new philanthropic partnerships to support emerging writers and publishing professionals from under-represented backgrounds. Through customised programmes established in close collaboration with the four partners (The City College of New York, Hurston/Wright Foundation, Lambda Literary and We Need Diverse Books), Hachette Book Group aims to further improve hiring, training, mentoring and support for diverse individuals with a passion for writing and publishing, in order to offer them meaningful careers in the industry.

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. As regards books, 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, for example.

For Lagardère News, 2022 was shaped by the signing of the "climate contract" for Europe 1, Virgin Radio, RFM and Lagardère Publicité News. Mandated by France's Climate and Resilience Act, the contract is designed to encourage and promote voluntary commitments and initiatives in the media and advertising industry concerning (i) the promotion of certain types of products, services, lifestyles and behaviours, (ii) employee awareness-building and training, (iii) editorial content, and (iv) production. However, Lagardère News wished to go beyond mere regulatory industry compliance by extending its commitments to all its business lines, with a focus on

(1) Autism Spectrum Disorder.

the press-related activities. As part of this process, Lagardère News has undertaken to list all the stories reported on air or in the print media dealing with environmental issues, environmental protection and the fight against climate change, as well as the environmental experts involved and the prizes offered on air.

Throughout the year, Lagardère News' media operations helped explain, through their content, opinions and/or partnerships, many topical issues to various audiences.



A.3 PERFORMANCE

Indicator	2022	2021	2020
Percentage of e-books available in ePub3 format among new textbooks in the Lagardère Publishing catalogue at year-end	99	89	72
Percentage of e-books available in ePub3 format among new textbooks that successfully passed the Level 2 Accessibility Check for Epub in the Lagardère Publishing catalogue at year-end ⁽¹⁾	71	-	-
Number of audiobooks available in the Lagardère Publishing catalogue at year-end	21,011	18,889	16,453

(1) Data reported for the first time in 2022.

2.3.2.2 ENGAGED CORPORATE FOUNDATIONS

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, created in 1989, and the Hachette Foundation for Reading, created in 2022, under the auspices of the Fondation de France.

The Jean-Luc Lagardère 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 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 Hachette Foundation for Reading is dedicated to encouraging reading, writing and, more generally, proficiency in French across every demographic, with particular attention paid to young people and the reading-adverse. In this way, Hachette Livre wanted to expand its role as a vector and enabler of culture – a commitment that is fully aligned with the publishing mission it has pursued for nearly 200 years.

The Lagardère group has also demonstrated a longstanding 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 foundations and implemented at business divisions therefore address numerous UN Sustainable Development Goals (SGDs), 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, 351 prize-winners (nine in 2022) have received a total of €7,250,000 including €170,000 awarded in 2022.

Several of the Foundation's prize-winners enjoyed great success in 2022. To cite two examples: Victor Castanet (2017 Print Journalist winner), who received the 2022 Albert Londres Book Prize for his major exposé of French care home abuse, *Les Fossoyeurs* (Fayard), and Alice Diop (2009 Documentary Filmmaker winner), whose first feature film, *Saint Omer*, was selected as the French entry for the Best International Feature Film at the 2023 Oscars. It also garnered two awards at the 2022 Venice Film Festival (Silver Lion Grand Jury prize and the Luigi De Laurentiis Award for a Debut Film) and the César for Best First Feature Film at the 2023 César Awards.

The Jean-Luc Lagardère Foundation's prize-winners also regularly participate in other programmes run by the Foundation:

- ▶ as part of the partnership with the French Academy in Rome, Villa Medici, and in particular support of its 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 2022,
- ▶ as part of a partnership with Studio 13/16 at the Centre Pompidou, a venue dedicated to art and creation for and by young people, three Foundation prize-winners took part in the Studio's multidisciplinary, activist programming. Carolina Arantes (2015 Photographer winner) led a workshop on documentary photography based on highly personal portraits of and by teenagers. Cécile Bontron (2005 Print Journalist winner) and her Argos collective produced reports on overfishing, plastics and organic cotton to offer young people a thought-provoking exploration of our relationship with consumer society. Studio 13/16 also screened *The Real Thing*, a virtual reality film by Benoit Felici (2013 Documentary Author winner) that takes viewers on a tour of architectural copies of famous buildings. The Studio presented it as a possible alternative reality if the world should come to an end. With its sharp focus on youth and artistic endeavour, Studio 13/16 attracted nearly 8,000 young people eager to partake in new creative experiences in 2022,
- ▶ as part of the support for the non-profit organisation *Lire pour en Sortir*, the only national organisation that prepares inmates to re-integrate into society by improving their French language skills with personalised, volunteer-led reading programmes. Meeting with programme participants plays a critical role in helping inmates develop a connection with the outside world. Four times a year in each institution, the organisation offers a group of inmates a chance to meet with an author and discuss a book with him or her. The meetings are prepared in advance with the volunteers and/or teachers and the participants, who are offered the author's book. In 2022, Salomé Berlemont-Gilles (2021 Writer winner) spoke at the Arras prison about her novel *Le Premier qui tombera* (Grasset) and Stéphanie Kalfon (2007 TV Scriptwriter Award winner) met with inmates in the Saint Quentin Fallavier prison to discuss her book, *Les Parapluies* d'Erik Satie (Joëlle Losfeld Éditions). The Jean-Luc Lagardère Foundation provides equal support for the 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.
- ▶ 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, four Writer award winners were invited to participate. Jean-Baptiste del Amo (2011 Writer winner) offered a musical reading of his novel *Le fils de l'homme* (Gallimard) accompanied by a cellist, Marin Fouqué (2019 Writer winner) presented his latest novel *G.A.V.* (Actes Sud), which takes the form of a choral narrative, and Thomas Flahaut (2021 Writer winner) took part in a debate about his novel *Les nuits d'été* (Éditions de l'Olivier). The festival also welcomed the winner of the 2021 Goncourt Prize, Mohamed Mbougar Sarr (2018 Writer winner) for readings and tributes to René Maran and Yambo Ouologuem.

The Foundation also continued its efforts to promote literature and cultural diversity in 2022 by supporting literary events at the Institut du Monde Arabe (IMA). "Une heure avec..." (Entitled An hour with...) this event spotlights an Arabic or French language author around a discussion of the Arab world and the latest in Arabic literature. Since 2018, the IMA's literary events have hosted more than 90 well-known or emerging authors from 16 countries in the Arab world, such as Saudi Arabia, Kuwait, Oman and Sudan. In 2022, the year's rich and eclectic programme invited around twenty writers, including Mahi Binebine, Kaouthar Adimi and

Kamel Daoud. In the run-up to the award of the tenth annual Arab Literature Prize, five exceptional meetings were organised with the 2022 finalists in the IMA library.

The support was fully in line with the collaborative spirit that has united the Foundation and the IMA for many years, in particular as regards 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 2022 prize went to Tunisian author Yamen Manai for his novel *Bel Abime* published by Elyzad. A special mention was also awarded to the Sudanese writer Hammour Ziada for his novel *Les Noyées du Nil* (Actes Sud).

The Foundation also very much honoured its commitment to promote **access to culture for all** in 2022, 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,
- ▶ 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 2022, the workshops were attended by more than a hundred young musicians of around twenty different nationalities. In 2022, the Abbey also welcomed soprano Adriana Gonzalez (2020 Jazz and Classical Music winner), who came to prepare her recording of a recital for two voices, and the rapper Fils Cara (2021 Modern Music winner) for a future musical project.

In addition, the Foundation supported the 11th edition of the Jules Rimet prize, which promotes sports literature. In 2022, it was awarded to British author Mick Kitson for *Featherweight*, whose French translation was published by Métailié. The prize is organised by the Jules Rimet Sports and Culture Association, which also offers creative writing workshops for young people in the Red Star, Olympique Lyonnais, Olympique de Marseille and other football clubs, creating a further opportunity to build bridges between sports and culture.

THE HACHETTE FOUNDATION FOR READING

MISSIONS OF THE HACHETTE FOUNDATION FOR READING:

- supporting projects that help prevent illiteracy and fight against school-leaving, aimed at small children, young people and their families, and enable a broader public to discover the pleasure of reading,
- supporting projects that use reading to foster the social integration, inclusion or acceptance of people who have been excluded or marginalised because they have disabilities, are incarcerated, are excluded from the workforce, are living in precarious conditions or are illiterate.

In 2022, the Hachette Foundation for Reading organised a call for projects, with the goal of selecting a number of initiatives to receive up to €100,000 in funding. The first call brought in nearly 150 applications that were then short-listed by the Foundation team for review by an in-house committee made up of Group employees. The committee interviewed 14 non-profits and selected

eight initiatives that facilitate access to reading and give a broad public a taste for the pleasure of reading.

The eight projects selected for 2022 were:

- ▶ “Jeunes en librairie,” championed by Les Libraires d'en haut and deployed in the Hauts-de-France region, encourages young people to visit independent bookstores on their own,
- ▶ “Numook,” led by the non-profit organisation Lecture Jeunesse, brings together young people who are at a disadvantage in learning to read and alienated from written culture. Over the school year, they become authors by working as a group on a digital book,
- ▶ “Les Petits Champions de la lecture,” a national read-aloud competition for year 5 and 6 students that often lights the spark of reading, even in children who have never read before,
- ▶ the “Labo des histoires” writing workshops are helping to democratise the practice of writing, an important social issue for young people under 25 living in highly fragile social conditions,

- ▶ the “Lire pour en Sortir” programmes prepare inmates to re-integrate into society through reading programmes and group or individual cultural activities in their cells,
- ▶ “Mon sac de livres,” run by the Bibliothèques Sans Frontières, offers young refugees enrolled in French schools, years 2 to 7, a bag of five books. Their schoolmates are also given the opportunity to deepen their understanding of mutual aid and support,
- ▶ “La classe ALPHA” at the Thot school enables illiterate young refugees to learn basic French to be able to fend for themselves in social situations.
- ▶ “Quais Solidaires,” championed by the Quais du Polar association, seeks to improve accessibility of the Quais du Polar festival for people with disabilities, so that they can enjoy a bespoke experience.

2.3.3 LIMITING THE ENVIRONMENTAL IMPACT OF OUR PRODUCTS AND SERVICES

2.3.3.1 FIGHTING CLIMATE CHANGE

It has now been scientifically proven that increases in the volume and concentration of greenhouse gas emissions caused by human activities are clearly accelerating climate change and that a temperature increase of more than 2°C, compared to the pre-industrial era, could have catastrophic environmental, economic and social consequences. In a sign of the growing recognition of these risks, in December 2015, nearly 200 governments agreed to strengthen the global response to the threat of climate change by “holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.” This consensus is known as the Paris Agreement.

A.1 STRATEGY

CARBON FOOTPRINT

In 2021, the Lagardère group updated its carbon footprint in accordance with Greenhouse Gas Protocol guidance, based on all the direct and indirect emissions from its 2019 scope of reporting. Covering 71% of the Group's 2019 revenue, the update concerned (i) Lagardère Publishing's leading host geographies (France, Spain, North America, the United Kingdom, Australia and New Zealand) but not its Partworks or Board Games activities, and (ii) the three Lagardère Travel Retail business segments (Travel Essentials, Foodservice and Duty Free & Fashion) in France, Italy, the Czech Republic, Switzerland, North America and the Pacific. It also concerned all of Lagardère News activities.

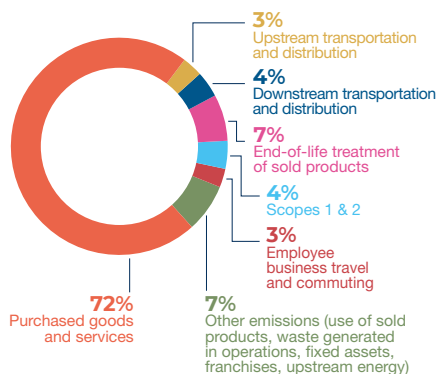
The 2019 footprint (calculated in 2021) was, for certain sources, based on estimates and monetary ratios. The results therefore contain a measure of uncertainty, notably in respect of the average emission factors used, the calculation assumptions applied, and the extrapolations and estimates made.

The update enabled us to estimate the Lagardère group's total emissions at just over 1,457,000 tCO₂eq, broken down as follows by business line:

- ▶ 36% for Lagardère Publishing,
- ▶ 59% for Lagardère Travel Retail,
- ▶ 5% for Lagardère News.

Unsurprisingly, Scope 3 (indirect emissions from the supply chain) far outweigh the other sources, at 96% of the total. Scope 1

(direct emissions from fossil fuel combustion by vehicles or heating equipment) and Scope 2 (indirect emissions from the purchase of electricity, building heat and cooling) account for the remaining 4%.



REDUCTION PATHWAY

On the basis of these findings, the Lagardère group crafted an emissions reduction strategy and its supporting action plan.

Lagardère aims to place all its direct and indirect emissions (Scopes 1, 2 and 3) on a pathway in line with the Paris Agreement, i.e., compatible with the overall objective of reaching net-zero emissions (greenhouse gas emissions reduced to a level as close to zero as possible, with any residual emissions being absorbed, for example by oceans and forests) by 2050.

As a result, over the medium term, it is committed to reducing these emissions by almost 30% by 2030 compared with 2019. This is an ambitious objective in absolute terms and based on the latest scientific knowledge of climate change. It may be analysed as follows:

- ▶ a 46% reduction in emissions from operations, which include Scopes 1 & 2 emissions, but also a small portion of Scope 3 emissions, i.e., from employee business travel and commuting (or 7% of total Group emissions),

- a 28% reduction in all other Scope 3 emissions, i.e., emissions from the supply chains (93% of total Group emissions).

In parallel with this emissions reduction strategy, the Lagardère group is aiming to purchase all its direct energy from renewable sources by 2025.

ANALYSIS OF CLIMATE RISKS

Moreover, Lagardère will leverage assessments of the physical and transition risks of climate change to improve the definition of its strategic climate-related objectives. It was with this in mind that the Group performed its first climate risk analysis in 2022.

As a first step in assessing climate risks and opportunities, Lagardère chose the two climate scenarios on which to base the entire analysis process:

- a "Paris-aligned pathway" scenario, assuming global warming of less than 1.5°C in 2100. This scenario, based on the Representative Concentration Pathway (RCP) 2.6 issued by the Intergovernmental Panel on Climate Change (IPCC), requires an assertive commitment from governments and international institutions, high carbon prices (carbon tax, setting a per-ton price for carbon, etc.), keen consumer awareness of climate change and its impacts and, in general, aggressive action to reduce emissions to meet the objectives of the Paris Agreement. It is an ambitious scenario that calls for robust mitigation measures,

- a "continuous pathway" scenario, assuming global warming of around +4°C in 2100. This scenario, based on the IPCC RCP 8.5 scenario, assumes a business as usual approach, with limited commitment, low carbon pricing and a steady rise in carbon emissions without any change in current policies. This is a highly pessimistic scenario that will eventually require adaptation to the physical impacts of climate change.

The analysis was also conducted over two timeframes, 2030 (short term) and 2050 (long term).

Using these scenarios and timeframes, the Group screened all its business activities for the various categories of transition and physical risks identified by the Task Force on Climate Related Financial Disclosures (TCFD).

For the 2030-2050 period, this initial analysis resulted in the identification of **two transition risks, three physical risks and three major opportunities**.

The **two identified transition risks** concern an increase in paper prices and a downturn in air traffic.

The **three main identified physical risks** arise from possible climate hazards (heatwaves, high temperatures, floods, forest fires, extreme precipitation, drought, etc.) that could impact:

- paper supply,
- the supply chain (printing plants, warehouses, etc.),
- railway stations and airports.

All these risks were assessed in terms of their probability of occurrence (see tables below) and their potential financial impact was initially estimated.

Category	Description	Probability of occurrence in 2030	Probability of occurrence in 2030
		1.5°C scenario	4°C scenario
Transition risk	Higher paper prices	Possible	Possible
	Downturn in air traffic	Possible	Very unlikely
Physical risk	Paper supply	Possible	Possible
	Supply chain	Unlikely	Unlikely
	Railway stations and airports	Unlikely	Unlikely
Opportunities	Identifying new growth drivers	N/A	N/A
	Using our position as a content creator to raise awareness and make a difference	N/A	N/A
	Developing new low-carbon products and services	N/A	N/A

Category	Description	Probability of occurrence in 2050	Probability of occurrence in 2050
		1.5°C scenario	4°C scenario
Transition risk	Higher paper prices	Possible	Possible
	Downturn in air traffic	Possible	Unlikely
Physical risk	Paper supply	Possible	Possible
	Supply chain	Possible	Possible
	Railway stations and airports	Possible	Possible
Opportunities	Identifying new growth drivers	N/A	N/A
	Using our position as a content creator to raise awareness and make a difference	N/A	N/A
	Developing new low-carbon products and services	N/A	N/A

The risk of a lack of availability and higher prices for paper raw materials was deemed to be limited, even assuming a very steep increase in costs and a failure to adjust selling prices.

As for the risk of a downturn in air traffic, it was estimated that only a very sharp decline in the short to medium term would have an impact on the Group's earnings. Moreover, such an impact would be mitigated by the high responsiveness of the business lines. Longer term, the modal shift towards decarbonised modes of transport (i.e., the transfer of freight shipments from one transport mode to another or to some other form of locomotion) would enable profitability to remain on target.

With regard to physical risks, the financial analysis focused on heatwaves, which represent the main physical risk for the Group's business activities, particularly for paper supply and railway station and airport infrastructure. For paper, the analysis determined the annual amount of paper purchased from suppliers exposed to high levels of risk. For each railway station and airport, the financial impact was calculated by estimating the ratio between annual sales and the number of days impacted by the climate event.

Exposure to the risk of an increase in heatwaves is more pronounced for paper supply, as Lagardère Travel Retail's broad geographical footprint means that it is less sensitive to heatwaves in any particular location or facility. As such, it could be attenuated by:

- ▶ diversifying the paper supplier base,
- ▶ giving preference to local sourcing,
- ▶ negotiating appropriate rents with concession grantors.

These preliminary estimates of financial impacts are expected to be further refined in 2023.

Lastly, three opportunities were identified:

- ▶ Identifying new growth drivers,
- ▶ Developing new low-carbon products and services,
- ▶ Using our position as a content creator to raise awareness and make a bigger difference.

INFORMING AND EDUCATING ABOUT CLIMATE ISSUES: A PRESSING RESPONSIBILITY

Lagardère has long defended the idea that one of its major responsibilities on the issue of climate change lies in its ability to raise awareness, inform and educate the general public. Helping to improve the growth and sharing of knowledge about climate change, its origins, its causes and the options for reducing its impacts are all social issues that the Group's media outlets regularly cover throughout the year.

A.2 APPLICATION

SCOPES 1 & 2 EMISSIONS AND EMPLOYEE TRAVEL

To address energy use of buildings and employee travel (commuting, business travel and the vehicle fleet), which together account for around 7% of the Group's emissions as reported in its most recent carbon audit, Lagardère will activate cross-functional levers for action across its business base.

For buildings, the Group is seeking to minimise energy consumption in its leased or owned offices, warehouses and stores by undertaking initiatives to improve energy efficiency, including:

- ▶ opting for energy-efficient and/or environmentally certified facilities and upgrading energy management tools. For example, Hachette Livre's head office in Vanves, in the Paris suburbs, has earned HQE NF very high environmental standard certification for commercial buildings, as well as the BBC energy efficiency label, while Hachette UK's new London headquarters has obtained BREEAM certification. In the same vein, the Group will favour the use of buildings heated by electricity or biomass. The Group's office premises are also 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. Lastly, the gradual application of France's Tertiary Decree and its energy reduction targets will help to improve building energy performance.

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.

Whenever possible, the Group will also explore the feasibility of installing solar panels on certain sites to enable self-use of the resulting renewable power.

Business travel-related initiatives will focus on:

- ▶ transitioning the car fleet to electric vehicles,
- ▶ offering eco-driving training and optimising routes, mainly for sales staff,
- ▶ redefining travel policies (to limit travel, encourage the use of train and direct flights, etc.),
- ▶ offering employees sustainable mobility packages to encourage them to commute using soft mobility transport, car-pooling and public transit by offsetting part of the cost.

4.2 tCO₂e/FTE employee⁽¹⁾

SCOPE 3

At Lagardère Publishing, the main levers for action identified as part of the Group's emissions reduction strategy concern over-production, paper procurement, printing/binding processes and shipping.

To limit over-production, Lagardère Publishing's teams plan, in particular, to develop systems to optimise inventory visibility across the value chain and forecast sales, and to use the resulting data to set objectives. While reducing the percentage of books pulped each year, the division will lower emissions over the entire book life cycle and therefore in the key factors mentioned above (paper production, printing-binding, shipping and waste).

With regard to paper procurement and printing/binding operations, Lagardère Publishing is committed to applying stricter environmental criteria in selecting suppliers, systematically opting for suppliers with the lowest emissions and setting them annual carbon intensity objectives.

(1) Scopes 1 & 2 emissions and a portion of Scope 3 emissions (from employee business travel and commuting).

Lastly, to reduce the carbon impact of freight, Lagardère Publishing is considering relocating the production of certain products, consolidating international deliveries, using stricter environmental criteria in selecting shippers and working with them to optimise deliveries.

All of these initiatives have already proven to be effective, particularly in the paper traceability and book manufacturing processes. In France, for example, Lagardère Publishing emissions have been cut by nearly 20% over the past 12 years. What's more, for almost ten years now, the initiatives under way have contributed to making it possible to display on every French language book its carbon footprint and the source (certified or recycled) of the fibres used in its paper.

At Lagardère Travel Retail, the primary lever of action concerns merchandise sourcing and the assortments offered across the store base. To activate it, the division will start by promoting a more sustainable merchandise assortment. A more detailed analysis of the merchandise portfolio, supplementing the one initiated during the carbon audit, will be performed in 2023 so that the related emission reductions can be tracked more accurately.

At the same time, the division is preparing a questionnaire for certain strategic suppliers that will help improve its understanding of their strategy and their low-carbon commitments, while encouraging them to take their actions to the next level, where appropriate. In addition, the questionnaires are expected to enable an examination of life cycle assessment issues and provide more accurate knowledge of carbon emissions per product to support merchandise selections.

The medium-term objective would be to roll out these questionnaires to all suppliers.

Lastly, Lagardère Travel Retail is working on purchasing guidelines to raise awareness and support teams so that they can make informed choices of low-carbon merchandise.

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	2022	31	32	62
	2021	35	31	66
	2020	35	31	66
Lagardère Travel Retail	2022	12	174	185
	2021	11	149	160
	2020	9	139	148
Other Activities	2022	7	11	18
	2021	6	10	16
	2020	5	10	15
Group total	2022	49	216	265
	2021	52	190	242
	2020	49	180	229

Group GHG emissions, worldwide (in tCO₂eq)⁽¹⁾

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	2022	5,679	7,194	12,873
	2021	6,587	7,047	13,634
	2020	6,625	6,765	13,390
Lagardère Travel Retail	2022	2,120	58,749	60,869
	2021	1,895	51,747	53,642
	2020	1,705	47,900	49,605
Other Activities	2022	1,170	787	1,957
	2021	1,080	818	1,898
	2020	854	613	1,467
Group total	2022	8,969	66,730	75,699
	2021	9,562	59,612	69,174
	2020	9,184	55,278	64,462

Indicator	2022	2021	2020
Scopes 1 & 2 carbon emissions per €m of revenue (in tCO ₂ eq)	10.9	13.5	12.8
Scopes 1 & 2 and business travel and commuting carbon emissions per FTE employee ⁽¹⁾ (in tCO ₂ eq) ⁽²⁾	4.2	-	-

(1) Employee travel includes both business travel and commuting.

(2) Data reported for the first time in 2022.

The increase in consumption and emissions in 2022, particularly at Lagardère Travel Retail, was attributable to a recovery in business over the period after two years impacted by the health crisis, which saw the closure of many stores in the Group's host countries. By way of illustration, from 2019 to 2022, energy consumption fell by 10% and GHG emissions by 13% based on a comparable scope of reporting.

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 CO₂.

The carbon intensity ratio refers to the Scopes 1 & 2 emissions presented above.

The year-on-year improvement in the ratio in 2022 was led by the recovery in business and the growth in revenue over the year.

The second intensity ratio was calculated for the first time in 2022, following the introduction during the year of a dedicated process for reporting carbon emissions from employee business travel and commuting, as well as the Scopes 1 & 2 emissions from mobile sources. Data used for this initial calculation concerned 93% of the Group's full-time equivalent employees.

2.3.3.2 RESOURCE MANAGEMENT, ANTI-WASTE MEASURES AND THE CIRCULAR ECONOMY

The manufacturing of certain 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, 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 complexity calls for special vigilance, particularly in managing supplies.

In view of the growing importance of the Foodservice business within Lagardère Travel Retail, and the financial, environmental and social challenges related to **food waste**, it is also 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.

(1) The 2021 emissions have been recalculated to take into account the changes made in 2022 to the emission factors used.

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

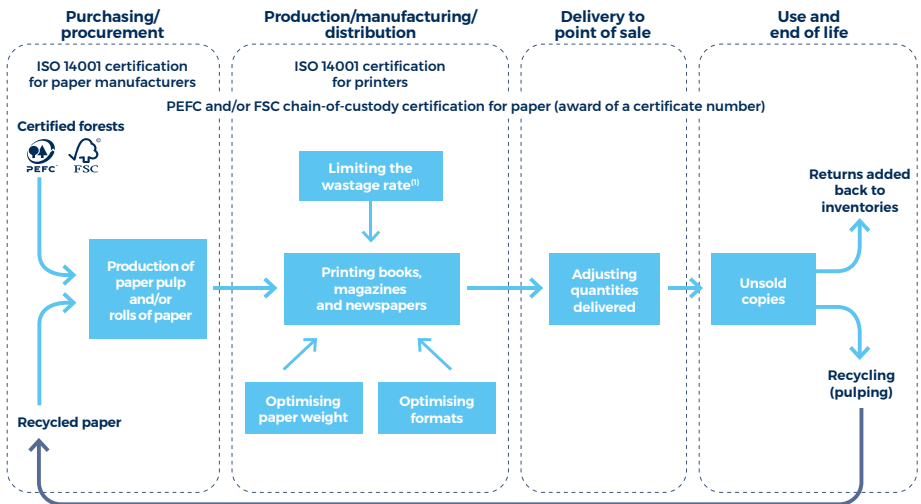
Through its book publishing and press activities, the Group has long led a policy of responsible paper management which applies throughout the paper life cycle. From supply to production to the management of returns, Lagardère works with all its trade partners involved at every stage.

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 printers, the policy is to prioritise printing on paper certified by the Programme for the Endorsement of Forest Certification (PEFC) or the Forest Stewardship Council (FSC). 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.

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.



(1) Wastage rate: percentage of paper lost during the manufacturing process.

Meanwhile, Lagardère Travel Retail is rolling out five initiatives in its operating entities to combat food waste, an issue on which it has made a resolute commitment by implementing appropriate reduction measures.

To fight plastic pollution, Hachette Livre conducted an audit in 2020 and used the findings to devise and deploy an action plan in 2021, with targets for 2023. Meanwhile, Lagardère Travel Retail is working to gradually eliminate single-use plastic from all the outlets operated under its own 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.

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.).

Since 2016, Hachette Book Group has run 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.

Similar programmes have been implemented in every Lagardère Publishing entity 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, a large majority of the paper purchased by Lagardère Publishing is 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. This rate varies greatly depending on the printing technology used (type of machine, colours) and the number of books and magazines produced (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. Choosing a lower grammage can also help to reduce paper consumption. By switching from 80g to 60g paper in 2022, for example, Lagardère Publishing's Spanish subsidiary reduced the amount of paper used in its textbooks.

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 2022.**

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, to enable a selection of more than 270,000 works to be made available for purchase via Hachette Livre's network of bookstores. In all, including the national library titles, Hachette Livre's print-on-demand catalogue in France comprises 393,938 works.

WASTE PAPER

At Lagardère Publishing, returns are assessed on editorial, qualitative and economic criteria, after which a substantial proportion are sent back to the imprint's warehouse, so that they can eventually be returned to booksellers. All the others are destroyed **and the pulp reused to make recycled paper**. In the years to come, Lagardère Publishing will continue to encourage print runs that are as close as possible to sales.

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.

99% of purchased and supplied paper is certified or recycled.

FIGHTING FOOD WASTE

With the fight against food waste 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 support production optimisation, comprehensive training courses are offered in the country organisations to enable them to align production quantities more effectively with forecast traffic. The gradual deployment of a shared SAP information system is also designed to improve information systems, data reliability and production assumptions. In addition, the country organisations are increasingly featuring fresh, **seasonal and less perishable products**, 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.

Concerning food preservation, in the Netherlands, a product called Slowd – which absorbs ethylene contained in fresh produce, thereby slowing the ripening process and extending shelf life – is used to perfectly preserve fruit, vegetables, herbs and other fresh produce for up to 30 days.

To minimise waste production, a number of initiatives are being deployed:

- ▶ happy hours are organised at the end of the day to limit food loss (Bulgaria, Czech Republic, Poland, Romania, Austria and France). In some countries, customer awareness of the fight against waste is raised through online and in store communication campaigns,

- ▶ the Too Good To Go app enables customers to buy unsold meals online at reduced prices (Germany and France),
- ▶ the “Finì le Gaspi” (No More Waste) programme, which was developed in-house for hospital Relais H cafés in France, offers 50% off any sandwiches and pastries still unsold an hour before closing time. In 2023, the programme will be adapted for use in all the concepts in France,
- ▶ A milk dosing system for hot drinks has been set up at Costa Coffee in the Czech Republic to reduce wastage, as well as to improve food security in view of its short shelf life.

The country organisations have introduced a number of initiatives to reprocess food waste. 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, unused fruit and vegetables are turned 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. Operations in the United States, Italy and other countries cooperate with local food banks or non-profits to donate uneaten food. In the United States, “The Good Program” app also supports the distribution of unsold sandwiches to charities every day at close of business. In Romania and the Czech Republic, unsold food is donated to zoos, circuses and animal shelters.

Waste prevention best practices are regularly shared during the monthly meetings with the country organisations. In addition, in March 2022, the country organisations attended a co-construction workshop dedicated entirely to waste prevention, where they reviewed treatment definitions and procedures and discussed tracking tools and best practices.

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.

In 2020, 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. 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 was also carried out 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, with the goal of shrinking Hachette Livre France’s plastic use by 25% by 2030. The action plan 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.). The plan got under way in France in 2022. A diagnosis and action plan to reduce the use of plastics in operations outside France will be deployed from 2023.

In late 2019, Lagardère Travel Retail decided to eliminate all plastic consumables provided with food products manufactured by its proprietary Foodservice brands worldwide. The initiative was rolled out in France starting in July 2020 and has since been gradually extended to all the host countries.

This major change was possible thanks to rapid action 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 in order to reduce their volumes and optimise the impact of its commitment in this area.

In 2022, efforts across the store base were focused on finding alternatives to plastic bags, depending on sourcing conditions, robustness and customer perception. In addition, internal and outside packaging experts were consulted to define worldwide guidelines for preferred, acceptable and banned bag materials. At the same time, Lagardère Travel Retail is striving to reduce the volume of bags handed out to customers. Sales people are now instructed to ask if a bag is needed, and if so, a fee will be charged in every country. **in this way, the division is committed to eliminating virgin plastic bags in its proprietary brand outlets by the end of 2023.**

Lastly, Lagardère Travel Retail is taking its fight against plastics in its stores to one of their best-selling products: the plastic water bottle. Discussions are under way with the leading bottled water suppliers in each country to assess the current and possible future composition of the bottles. Leveraging its extensive store network and its partnerships with such international bottlers and distributors as Evian, Nestlé Waters, Coca Cola and Pepsi, the division is strongly encouraging the sale of bottles made entirely of recycled plastic (RPET). Alternatives to plastic bottles are also being tested, including the installation of water fountains in Relay outlets. This initiative will continue to be expanded in future concepts. In the United States, SodaStream fountains will be tested.

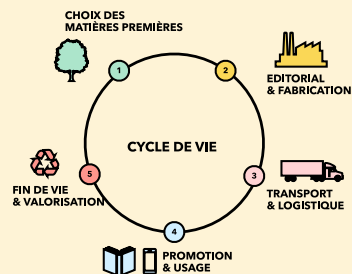
95% of Foodservice revenue in countries that have switched to responsible consumables and banned single-use plastic consumables in proprietary brands.

ECO-DESIGN

Defined as the systematic integration of environmental aspects into every stage of a product’s development process, so that it makes the lowest possible environmental impact throughout its life cycle, eco-design is gradually gaining importance across all the Group’s business activities.

Lagardère Publishing aims to provide all its employees with actionable pathways to eco-design. Each year in France since 2021, Hachette Livre has organised an Eco-design Week, with the goal of introducing or intensifying eco-design practices in its 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. Distributed throughout the division, they are intended to be collaboratively expanded and realigned to address a variety of issues (textbooks, plastics, etc.). In 2022, Hachette Livre France launched its first employee eco-challenge. Open to all, the event showcased eco-designed products and green processes developed by the teams. It also revealed a number of key challenges, such as skills-sharing, education, the deployment of best editorial practices, energy efficient logistics and circularity.

LES RÉFLEXES D'ÉCO-CONCEPTION CHEZ HACHETTE LIVRE



Cover of the Hachette Livre France eco-design card set.

Since end-2021, Lagardère Travel Retail has been working on eco-design solutions for fitting out its points of sale. This has resulted in the opening of two eco-designed stores, the first a Duty Free shop in Geneva, Switzerland, in December 2021 and the second a Travel Essentials store in Singapore in October 2022. This eco-responsible development requires an end-to-end assessment of the store's life cycle, from specifications and choice of materials to the merchandise offering and waste management. The number of fitting out materials used has been reduced, with renewed focus on easy-to-recycle metal and certified wood. This holistic approach helps to reduce the store's carbon footprint.



Eco-designed Aelia Duty Free store at Geneva airport.

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.

GO GREEN, THE LAGARDÈRE TRAVEL RETAIL FRANCE EMPLOYEE CHALLENGE TO SUPPORT THE CIRCULAR ECONOMY

The Lagardère group's eco-design commitment intensified in 2022, primarily demonstrated internally by employees and the projects they championed during the year, including the Eco Challenge at Hachette Livre and the Go Green competition at Lagardère Travel Retail. At Lagardère Travel Retail France, the winning project was the Huggy platform, which is designed to give new life to unused store furnishings and create a collaborative community around recycling. The project won over the jury with its threefold impact on employees, customers and concession grantors, as well as its feasibility by mid-2023.

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.).

A.3 PERFORMANCE

Indicator	2022	2021	2020
Weight of paper purchased directly (in kilotons)	140.5	135.1	121.5
Weight of paper supplied (in kilotons)	37.0	44.4	38.5
Total weight of paper purchased and supplied (in kilotons)	177.5	179.5	160.0
Percentage of certified paper	95.5	95.0	94.7
Percentage of recycled paper	3.9	3.9	3.3
Percentage of Foodservice revenue in countries that have a waste measurement system and run waste reduction initiatives ⁽¹⁾	65	49	33
Percentage of Foodservice revenue in countries that have switched to responsible consumables and banned single-use plastic consumables in proprietary brands ⁽¹⁾	95	48	65
Water consumption (cu.m.)	501,684	432,301	503,147

(1) Implementation of initiatives at country level does not mean that they are applied in every point of sale.

2.3.4 ENSURING ETHICAL AND RESPONSIBLE CORPORATE GOVERNANCE**2.3.4.1 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 and partworks by Lagardère Publishing (accessories, household items, toys, etc.) and food products by Lagardère Travel Retail must be compliant.

Accordingly, Lagardère Travel Retail's Foodservice business requires a heightened focus on food hygiene and safety issues. An incident involving the quality of products sold 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, it monitors regulations to ensure that products marketed comply with regulatory requirements, such as those relating to marking, waste sorting information and materials.

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. 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.

Lagardère Travel Retail, which now offers food at more than 1,100 points of sale in 25 countries, is focusing more closely 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, another challenge for the Group is the opportunity to help drive progress on contemporary social issues such as healthy eating, health and healthy diets 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. Then in 2020 in France, Lagardère Travel Retail undertook to source chicken meat only from farms that meet the criteria of the European Chicken Commitment by 2026. This practice will be extended to other countries in the near future.

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 manufacturers at the various production stages (press slips, printing slips, binding slips, acceptance copies, etc.).

Acceptance copies provided by suppliers are also checked for compliance with defined requirements.

Since the end of 2012 in France, Lagardère Publishing has provided compliance certificates 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 ten years.

Lastly, in France, as a representative of the French Publishers' Union (SNE), Hachette Livre participates in the deliberations of the toy standardisation committee and, as a result, in the development of European toy safety standards, such as the EN 71 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, Hachette Book Group 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, Hachette Book Group follows its quality procedure, under which it notifies the relevant departments and takes the necessary steps to halt the marketing of the product in question.

Similarly, Hachette UK has earned all the required certifications and fully complies with safety legislation in all its geographic markets.

The roll out of Lagardère Travel Retail's strategy is organised around five pillars:

1. Food Safety Guidelines include tools for implementing action plans as well as objectives. In every country, a HACCP⁽¹⁾ food safety management system is in place in the catering operations and packaged food sales. 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. On the other hand, head office audit campaigns were again performed in first-half 2022, with 19 country organisations audited during the year. 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 are conducted in all new Foodservice geographies. In 2022, an e-learning module was deployed in Senegal, Mauritania, Chile and the United Arab Emirates,
4. digitalisation of daily checks since 2018 using tablet-based online tools,
5. the WellDone platform (launched in 2019) enables 360° management of operational quality by including a food safety and hygiene section, the findings of all the in-store audits and customer comments on social media. In 2023, deployment of the platform will be completed in the Foodservice business line and pursued in the Travel Essentials segment.

Following the Foodservice business line'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 and Austria, for example. 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 Foodservice business line 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 goods.

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, Germany, and Romania), are now spearheading the division's sustainable development strategy, with a very strong emphasis on features such as local products and vegetarian recipes.

A.3 PERFORMANCE

Indicator	2022	2021	2020
Number of countries audited for health and safety during the year	19	0	0
Percentage of countries audited for health and safety at year-end	70	0	0

As explained above, the 2021 and 2020 performance was impacted by the health crisis.

(1) HACCP: Hazard Analysis Critical Control Point.

2.3.4.2 INTEGRATING SOCIAL RESPONSIBILITY IN THE SUPPLY CHAIN

For nearly ten years, the Group has been formally committed to a continuous improvement process to bolster its sustainable procurement strategy and practices.

A.1 STRATEGY

The Group's strategy in this area is 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.2 APPLICATION

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 the section on the Duty of Care Plan 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 primarily 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.

At Hachette Livre, there are plans for the publisher to initiate on-site compliance audits at the supplier or subcontractor premises, or at any of their production sites, with penalties applied for any infringements. In 2022, for example, independent third party audits were performed at eight supplier production plants in Romania, Morocco, China and Bangladesh. They did not find any critical cases of non-compliance.

In 2021, an indicator was designed by Lagardère to track the assessment of high-risk suppliers, based on the percentage of expenditure relating to suppliers presenting high CSR risks, as assessed by EcoVadis.

A.3 PERFORMANCE

Indicator

Percentage of expenditure related to suppliers presenting high CSR risks as assessed by EcoVadis⁽¹⁾

2022	2021	2020
50	31	-

(1) Data reported for the first time in 2021.

2.3.4.3 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 correspondents 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 that breaches are managed. 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 part of the Group's continuous improvement approach, alongside all other risk management and compliance programmes. In 2022, a specific indicator was 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 4.1.4.3).

2.3.4.4 RESPECT FOR FUNDAMENTAL FREEDOMS

In an increasingly transparent world, companies are expected to address this issue, which is both an objective and a challenge. Companies exert a direct and indirect influence on the human rights of their employees and contractors, their suppliers' employees, their host communities and the end-users of their products and services. This multiplicity of stakeholders explains why a number of countries have already introduced legislation setting out protective measures to prevent human rights violations by companies, in such areas as labour relations, discrimination, the environment, and health and safety.

For the Lagardère group, human rights issues can be split into three 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 2.3.2.

Human rights issues also impact the corporate community and Group employees, with a particular focus on working conditions, employee health, safety and security, and discrimination. In addition to the information above, section 2.3.1.2 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 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 2.3.4.2 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 2.2.1.3.A.

A.2 APPLICATION

Each of the divisions is not only deploying policies to attenuate health, safety and quality of worklife risks, but also a number of initiatives designed to improve employee working conditions through prevention practices, awareness building campaigns and training.

For the past several years, the Lagardère group has monitored indicators covering work-related accidents and their prevention. This has been supplemented by four indicators designed to track reports of possible violations of certain human rights in which one of the Group's operating entities may be directly or indirectly involved, thereby making it possible to measure the level of maturity of Group companies with respect to these issues.

A.3 PERFORMANCE

Indicator	2022	2021	2020
Number of formal disputes involving discrimination	6	9	10
Number of formal disputes involving forced labour	0	1	3
Number of formal disputes involving child labour	0	0	0
Number of formal disputes involving harassment	1	2	10
Percentage of workforce covered by employee representation at 31 December	69	69	72

Number of work accidents and days' absence due to sick leave⁽¹⁾

Division	Number of accidents	Number of days of absence due to work accidents
Lagardère Publishing	130	7,032
Lagardère Travel Retail	186	8,072
Other Activities	22	904
Group total 2022	338	16,008
Group total 2021	242	8,876
Group total 2020	221	10,980

Frequency and severity rate and lost time⁽²⁾ related to work accidents

Division	Frequency rate			Severity rate		
	2022	2021	2020	2022	2021	2020
Lagardère Publishing	10.43	9.29	8.30	0.56	0.32	0.40
Lagardère Travel Retail	5.89	3.35	3.89	0.26	0.13	0.19
Other Activities	13.62	15.77	8.76	0.56	0.67	0.47
Group	7.40	5.27	5.29	0.35	0.19	0.26

Social dialogue and health and safety

Indicator	2022	2021	2020
Percentage of the workforce at an entity with a health and safety committee	87	87	92
Percentage of the workforce at an entity with regular health monitoring	90	92	63
Percentage of training hours dedicated to health and safety	5	9	4

Given the unusual conditions prevailing in 2021, which remained impacted by the health crisis, the reported frequency and severity rates were likely 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.

The frequency rate logically increased in 2022 compared with 2021, albeit in a reasonable manner.

Furthermore, several formal disputes⁽³⁾ involving harassment, forced labour and discrimination were recorded in 2022.

Of the seven reported disputes, six concerned discrimination in entities in the United States and the United Kingdom and one concerned harassment in an entity based in France.

Of the total number of discrimination disputes, three were decided in favour of the entity further to arbitration (complaint dismissed by the competent authorities), one was settled out of court and two are pending. The harassment case was still pending settlement at year-end.

2.3.4.5 FIGHTING CORRUPTION

The broad diversity of the business activities of both the Group and the outside organisations with which it interacts, as well as its international operations and/or expansion, exposes the Group to corruption and other risks (see section 4.1.4.2).

A.1 STRATEGY

The Group has adopted a zero-tolerance policy in respect of corruption. This policy is embodied in a dedicated compliance programme that has been gradually rolled out across the Group since 2013. In particular, it is built around an anti-corruption Code of Conduct setting out the Group's ethical standards applicable to everyone.

Overseen by the Group Compliance Department, this document 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.

(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.

(3) Formal dispute means any legal action or claim officially filed with competent authorities.

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.

A.2 APPLICATION

The anti-corruption programme is designed and coordinated centrally by the Group Compliance Department. It is being deployed 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 anti-corruption 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 4.1.4.2).

A.3 PERFORMANCE

Anti-corruption performance is monitored at several levels:

- ▶ 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.

2.3.4.6 OTHER ETHICAL INFORMATION

To prevent tax evasion, the Group takes steps to identify and reduce tax risks, which are reviewed specifically as part of 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.

2.4 SUMMARY TABLE OF OTHER MONITORED INDICATORS**AFR**

	2022	2021
Employee indicators		
Headcount		
Permanent workforce at 31 December ⁽¹⁾	27,383	25,333
Lagardère Publishing	7,479	6,903
Lagardère Travel Retail	18,803	17,327
Other activities	1,101	1,103
Women	17,586	16,263
Men	9,797	9,070
Employees under 30	8,085	7,140
Employees aged 31-40	7,213	6,638
Employees aged 41-50	5,816	5,572
Employees aged 51 and older	6,269	5,983
France	5,532	5,471
Europe (excluding France)	8,876	8,196
North and South America	10,146	8,763
Asia-Pacific	2,502	2,730
Africa	327	173
Employees on fixed-term contracts ⁽²⁾ , full-time equivalents ⁽³⁾	2,613	1,312
Contract employees ⁽⁴⁾ , full-time equivalents	819	467
Number of temporary hours worked during the year on a full-time equivalent basis	1,012	628
Organisation of working hours		
Full-time employees	22,969	19,852
Part-time employees	4,414	5,481
Social dialogue		
Number of collective agreements in force at 31 December	497	469
Number of collective agreements signed during the year	115	95
% of employees covered by a collective gender equality in the workplace agreement	58	51
% of employees covered by a collective health, safety and working conditions agreement	61	61
% of employees covered by a collective agreement on the inclusion of people with disabilities	39	39
% of employees covered by a collective employee benefits agreement	54	54
% of employees covered by collective working hours agreement	68	70
% of employees covered by a collective training agreement	47	47
% of employees covered by a collective compensation agreement	63	67
Environmental indicators		
Natural gas consumption (in GWh)	47	48
Fuel-oil consumption (in GWh)	2	4
Electricity consumption (in GWh)	207	180
Steam consumption for heating (in GWh)	9	10

(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 1%) despite the controls performed.

(2) Non-permanent employees = employees on fixed-term contracts.

(3) 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 0.50). This measure is more appropriate for analysing the non-permanent workforce, given that a figure at 31 December would not reflect the actual situation over the year as a whole.

(4) Contract employees alternate between periods worked and not worked to meet the employer's specific requirements.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

2.5 CSR METHODOLOGY AND SCOPE

AFR

2.5.1 SCOPE OF CONSOLIDATION

The reporting system used to collect social, environmental and societal information is deployed in all the consolidated subsidiaries⁽¹⁾ expenditure related to suppliers presenting high CSR risks 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 15 employees.

Labour, social and environmental data presented in this document are reported using dedicated software covering all consolidated subsidiaries (subject to the previously-mentioned exceptions).

Taking the global footprint into account and factoring out the energy scope exclusions listed above, data on energy consumption and greenhouse gas emissions cover 99.4% of the Group's workforce at 31 December 2022.

Comparative data from one year to the next are on a like-for-like basis. As such, for 2022, the data for previous years have been recalculated using the scope of consolidation for the 2022 fiscal year as a reference.

2.5.2 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 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 CO2 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

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(1) The list is provided in note 38 to the consolidated financial statements in this Universal Registration Document.

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.

2.6 REPORT OF THE INDEPENDENT THIRD-PARTY

AFR

Independent third party's report on the consolidated non-financial statement

To the General Meeting,

In our capacity as one of the Statutory Auditors 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), 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 2022 (hereinafter the "Statement") with the provisions of article R. 225-105 of the French Commercial Code (*Code de commerce*) 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 our work, as described in the section "Nature and scope of our work", and the information collected, nothing has come to our attention that causes us to believe that the consolidated non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

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,
- ▶ pursuant to legal and regulatory requirements, preparing the statement, which must include a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented in light of those risks, the outcome of said policies, including key performance indicators, and the information provided for in 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 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 information 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 (hereinafter the "Information").

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.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

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, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNC") applicable to such engagements, and with ISAE 3000 (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 applicable legal and regulatory requirements, the ethical requirements, and the French professional standards for Statutory Auditors applicable to such engagements.

MEANS AND RESOURCES

Our verification work mobilised the skills of five people and took place between October 2022 and March 2023 over 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 three interviews with the people responsible for preparing the statement, representing the Sustainable Development and CSR, Human Resources, Technical and Purchasing departments.

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 regarding compliance with human rights and anti-corruption and tax evasion legislation,
- ▶ 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 said Code,
- ▶ 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. Our work was carried out on the consolidating entity and on a selection of entities, as follows: Lagardère Travel Retail China, Lagardère Travail Retail Hong Kong, Lagardère Travel Retail Czech Republic, Hachette UK and Hachette UK Distribution,
- ▶ 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 or other methods of selection, 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 13% and 19% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (17% of the workforce, 13% of the tertiary energy consumption, 19% 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 for 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, on 10 March 2023

Independent third party

EY & Associés

Thomas Gault

Partner, Sustainable Development

(1) ISAE 3000 (revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Appendix 1: information considered most important

Social Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
Overall voluntary departure rate, and the rate by socio-professional category. Number and percentage of women top executives. Average training hours per permanent employee during the year. Work-related accident frequency rate.	Actions implemented to ensure diversity and gender balance of human resources. Outcomes of the internal talent management policy. Work-related accident prevention measures.
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. Scopes 1 & 2 carbon emissions per euro of revenue. Scope 3 carbon emissions related to business travel and commuting.	The certified and recycled paper purchase process (Lagardère Publishing). Structuring of the climate strategy, including analysis of significant greenhouse gas emissions and actions put in place to combat climate change.
Societal Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
Proportion of e-books available in ePub3 format among new textbooks in the Lagardère Publishing catalogue at year-end (Lagardère Publishing). Percentage of Foodservice revenue in countries that have switched to responsible consumables and eliminated plastic consumables in proprietary brands (Lagardère Travel Retail). Percentage of Foodservice revenue in countries with food waste measurement systems or initiatives in place (Lagardère Travel Retail). Percentage of expenditure related to suppliers presenting high CSR risks as assessed by EcoVadis at 31 December 2022.	Actions implemented to improve access to and dissemination of education, culture and entertainment (Lagardère Publishing). Actions implemented to optimise waste management and reduce the use of plastic consumables (Lagardère Travel Retail). Assessments of the social, environmental and ethical performance of Group suppliers and subcontractors.

2.7 APPLICATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES

AFR

2.7.1 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 fifth 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 2.3.

2.7.2 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 human rights and fundamental freedoms, see section 2.3.2 on the challenges of access to and dissemination of education, knowledge and culture, as well as sections 2.3.4.3 and 2.3.4.4 on issues relating to privacy and fundamental rights,
- ▶ regarding issues relating to personal health and safety, see section 2.3.4.1 on the quality of products and services distributed and sold by the Group, and section 2.3.4.4 on health and safety in the workplace,

▶ regarding environmental issues, see section 2.3.3.1 on fighting climate change and section 2.3.3.2 on the issues of natural resource management, anti-waste and the circular economy,

▶ for relations with suppliers and subcontractors, see section 2.3.4.2 on integrating social responsibility in the supply chain.

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.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

2.8 IMPLEMENTING THE TAXONOMY REGULATION

AFR

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 2022, only those KPIs relating to the "eligibility" and "alignment" 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, while taking into account the Regulation's technical alignment criteria.

For this year, 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 and II of the Climate Delegated Acts⁽¹⁾). Over the next few years, this process should be extended 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. Annexes I and 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 2022 KEY PERFORMANCE INDICATORS

The financial data used in this analysis correspond to all the consolidated data for the year ended 31 December 2022. 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 assessment, which was performed on the basis of a detailed analysis of the Group's activities and a strict reading of the texts, led to the following 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. These activities are 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⁽³⁾.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

(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.
 (3) EU Regulation 2020/852 of 18 June 2020, article 11 and article 16.

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, Europe 2, 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 2022, activities deemed eligible with regard to the two climate objectives represented 2% of the Lagardère group's revenue and activities considered to be aligned accounted for 0.004%⁽¹⁾.

Analysis of the substantial contribution to climate objectives, designed to calculate the aligned portion of revenue from the programming and broadcasting activities, was based on the climate agreement in place at Lagardère News since July 2022. Under it, Lagardère News has committed to promoting and reporting editorial content dealing with climate change and other environmental issues. In 2022, Europe 1 was the only Lagardère group radio station whose airtime devoted to these issues was tracked, and then only over the last four months of the year. Based on this data, the reporting teams estimated the airtime's monetary value by allocating to it the portion of the radio economic activity spent on "green" content. To do so, they calculated the amount of time spent on "green" content-related topics or discussions by considering only the airtime of certain programmes, without the music and evening airtime when the absence of guests makes it more complicated to discuss the issues in question.

In the case of the creative, artistic and entertainment activities, the substantial contribution was analysed by identifying, among all the shows and concerts programmed in 2022, the dates whose content could have generated aligned revenue.

The Lagardère group then performed an analysis (i) to ensure that the activities complied with the Does Not Significantly Harm (DNSH) principle concerning climate change adaptation, and (ii) to confirm that the company has assessed its climate risks and prepared a plan to mitigate them. The teams therefore performed a gap analysis to determine if and where the Group's climate risk assessments carried out in 2022 fell short of Green Taxonomy standards. While the climate risk exposure of eligible activities was effectively analysed and their climate risk and vulnerability assessed (see section 2.3.3.1 for more details), adaptation plans for the material risks have not yet been prepared. They will be defined and implemented in 2023.

Lastly, the final step was to ensure that the eligible activities are conducted in compliance with certain minimum safeguards. In practice, this means complying with certain standards of behaviour specified in a number of international texts, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the principles and rights set out in the eleven fundamental instruments of the International Labour

Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights. The Group therefore performed a gap analysis to verify the compliance of its policies with the minimum safeguards. For this, the teams relied in particular on the Platform for Sustainable Finance's draft report on minimum safeguards published in October 2022, which identifies four substantive topics where compliance with minimum safeguards should be verified: human rights (including labour and consumer rights), corruption/bribery, taxation and fair competition. All these issues are covered in the Group's Code of Ethics (available on the website) as well as in section 2.3.4 below.

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 2022, the denominator, in an amount of €518 million, primarily included the increase in right-of-use assets under concession agreements at Lagardère Travel Retail. These assets are the counterpart of the present value of future fixed lease payments that the Group agreed to pay upon signature of a property lease or concession agreement enabling it to operate retail premises. Consequently, they do not correspond to the acquisition of property, plant or equipment but instead to the right of use premises that remain the property of the lessor or the concession grantor.

Among the denominator components reported in 2021, the following have been excluded because they were deemed to be immaterial:

- ▶ vehicle fleet leasing activities (included in activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles),
- ▶ freight transport services by road (activity 6.6),

(1) See note 5 to the consolidated financial statements in chapter 5 for a detailed presentation of financial information by reporting segment.

- ▶ 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).

Accordingly, CapEx, expressed in the numerator, comprises CapEx that is by nature aligned because it is associated with taxonomy-aligned economic activities, as well as any additions during the year corresponding to:

- ▶ 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.),
- ▶ acquisition and ownership of buildings (activity 7.7).

The review found that 3% of Lagardère's CapEx is taxonomy-eligible in respect to 2022⁽¹⁾.

The analysis of CapEx eligibility and alignment was based on a selection of Group entities whose CapEx was considered to be material. The substantial contribution and DNSH criteria were then shared with the teams and applied to calculate the proportion of alignment. For the CapEx corresponding to activity 7.7, it was

assumed that all the buildings concerned were built before 31 December 2020, so that the priority was to find out whether they had at least an Energy Performance Certificate (EPC) class A. When the EPC was not available, the teams made appropriate calculations to determine if the building concerned was within the top 15% of the national building stock expressed as operational Primary Energy Demand (PED).

Taxonomy-eligible OpEx, as defined in the Regulation and expressed in the denominator, includes direct costs relating to:

- ▶ non-capitalised building renovation measures, maintenance and repair,
- ▶ short-term leases,
- ▶ maintenance and repair of buildings and vehicles,
- ▶ day-to-day servicing of assets.

This OpEx denominator for 2022 amounted to €26 million, representing 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 and aligned OpEx was not therefore analysed and the numerator is considered to be zero.

Revenue at 31 December 2022 (in €m)

(in €m)	Denominator at 31 Dec. 2022	Total eligible	Total aligned	% alignment
Total revenue	6,929	107	0.3	-
Lagardère Publishing	2,748	-	-	-
Lagardère Travel Retail	3,927	-	-	-
Other Activities	254	107	0.3	-

CapEx and OpEx at 31 December 2022 (in €m)

(in €m)	Denominator at 31 Dec. 2022	Total eligible	Total aligned	% alignment
Total CapEx	518	161	15	3%
Intangible assets	112	-	-	-
Property, plant and equipment	157	-	-	-
Right-of-use assets under leases	249	161	15	3%
Total OpEx	26			

(1) See notes 17, 18 and 19 to the consolidated financial statements in chapter 5 for a detailed presentation of non-current asset data.

		Substantial contribution criteria							Does Not Significantly Harm (DNSH) criteria										
Economic activities	Codes	Absolute revenue	Currency (€m)	%	%	%	%	%	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of revenue, year N	Taxonomy-aligned proportion of revenue, year N-1	Category (enabling activity)	Category (transitional activity)

A. Taxonomy-eligible activities**A.1. Environmentally sustainable activities (Taxonomy-aligned)**

Programming and broadcasting activities		0	0%							Y	Y	N/A	N/A	Y	N/A	Y	0%	N/A		
Creative, arts and entertainment activities		-	0%							Y	Y	N/A	N/A	Y	N/A	Y	0%	N/A		
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	N/A	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A	N/A

A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)

Programming and broadcasting activities		87																		
Creative, arts and entertainment activities		20																		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)	N/A	107	2%																	
Total A (A.1. + A.2.)	N/A	107	2%																	

B. Taxonomy non-eligible activities

Revenue of Taxonomy non-eligible activities (B)	N/A	6,822	98%
Total A + B	N/A	6,929	100%

				Substantial contribution criteria							Does Not Significantly Harm (DNSH) criteria										
Economic activities	Codes	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N+1	Category (enabling activity)	Category (transitional activity)	
		Currency (€m)	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A. Taxonomy-eligible activities																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Installation, maintenance and repair of energy efficiency equipment	7.3	50	0%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	Y	N/A	Y	0%	N/A	N/A	N/A	
The installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	7.5	21	0%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	0%	N/A	N/A	N/A	
Acquisition and ownership of buildings	7.7	15,135	3%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	3%	N/A	N/A	N/A	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	N/A	15,205	3%	100%	0%	0%	0%	0%	0%								3%	N/A	N/A	N/A	
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)																					
Installation, maintenance and repair of energy efficiency equipment	7.3	-	0%																		
The installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	7.5	-	0%																		
Acquisition and ownership of buildings	7.7	145,910	28%																		
CapEx of taxonomy-eligible but not environmentally unsustainable activities (not Taxonomy-aligned) (A.2.)	N/A	145,910	0%																		
Total A (A.1. + A.2.)	N/A	161,115	3%																		
B. Taxonomy non-eligible activities																					
CapEx of Taxonomy non-eligible activities ^(B)	N/A	356,865	69%																		
Total A + B	N/A	517,980	100%																		

		Substantial contribution criteria							Does Not Significantly Harm (DNSH) criteria										
Economic activities	Code(s)															Category (enabling activity)	N/A		
																Category (enabling activity)	N/A		
																Taxonomy-aligned proportion of OpEx, year N-1	0%		
																Taxonomy-aligned proportion of OpEx, year N	0%		
																Minimum safeguards	Y/N		
																Biodiversity and ecosystems	Y/N		
																Pollution	Y/N		
																Circular economy	Y/N		
																Water and marine resources	Y/N		
																Climate change adaptation	Y/N		
																Climate change mitigation	Y/N		
																Biodiversity and ecosystems	%		
																Pollution	%		
																Circular economy	%		
																Water and marine resources	%		
																Climate change adaptation	%		
																Climate change mitigation	%		
																Proportion of OpEx	%		
																Absolute OpEx	Currency (€m)		

A. Taxonomy-eligible activities

A.1. Environmentally sustainable activities (Taxonomy-aligned)

Programming and broadcasting activities		0																	
Creative, arts and entertainment activities		0																	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	N/A	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A

A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned)

Programming and broadcasting activities		0																			
Creative, arts and entertainment activities		0																			
OpEx of taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)	N/A	0	0%																		
Total A (A.1. + A.2.)	N/A	0	0%															0%	0%	N/A	N/A

B. Taxonomy non-eligible activities

OpEx of Taxonomy non-eligible activities (B)	N/A	26,361	100%
Total A + B	N/A	26,361	100%



CORPORATE GOVERNANCE REPORT

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Items appearing in the Annual Financial
Report are cross-referenced
with the following symbol **AFR**

This report was drawn up in accordance with the final paragraph of article L. 225-37 of the French Commercial Code (*Code de commerce*). It was prepared with the assistance of the Board Committees, the Board Secretary, the Group Secretary General, as well as the Group Governance

and Securities Law Department, and was definitively approved by the Board of Directors at its meeting of 10 March 2023.

This report contains all the information required by articles L. 225-37-4 and L. 22-10-09 to L. 22-10-11 of the French Commercial Code.

3.1 GENERAL PRINCIPLES OF LAGARDÈRE SA'S GOVERNANCE

AFR

3.1.1 CORPORATE GOVERNANCE CODE

The Company has applied the recommendations set out in the Afep-Medef Corporate Governance Code (Afep-Medef Code).

The most up-to-date version of the Afep-Medef Code, dated December 2022, is available in the "Governance" section of the Company's website.

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 3.2.6).

3.1.2 GOVERNANCE STRUCTURE

3.1.2.1 COMBINATION OF THE ROLES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER

Following the conversion of the Company into a French joint-stock company (*société anonyme*) on 30 June 2021, the newly appointed Board of Directors decided that the general management of the Company 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 – also formerly a Managing Partner of Lagardère SCA – 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 managed in a more agile manner, notably during this period of transformational change for the Group and especially given the current unsettled macroeconomic environment. 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.

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.

3.1.2.2 DISTRIBUTION AND BALANCE OF POWERS

The governance arrangements put in place further to the Company's conversion into a joint-stock company are the result of constructive dialogue between its main shareholders. They meet all legal requirements and are in full compliance with best governance practices, as illustrated by the fact that:

- ▶ the proportion of women on the Board exceeds the legal requirements,

- ▶ the independence rate is well above the recommendations of the Afep-Medef Code,
- ▶ the Board has two standing Committees – the Audit Committee and the Appointments, Remuneration and CSR Committee – as well as an *ad hoc* Committee established in December 2021 further to the proposed public tender offer for Lagardère initiated by Vivendi SE and whose mission was extended in September 2022 to include monitoring progress of the reorganisation of the Group's radio unit (see section 3.2.4 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,
- ▶ two employee directors sit on the Board,
- ▶ one employee director sits on two of the three Board Committees (Appointments, Remuneration and CSR Committee and the *ad hoc* Committee),
- ▶ the Company's main shareholders are represented on the Board of Directors, having proposed the appointment of eight of the eleven directors, both independent and non-independent, currently in office.

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.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

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.

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, environmental and cultural 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 this.

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 annual and interim financial statements of the Company, and prepares the annual and interim 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 compliance 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 Board's Rules of Procedure,
- ▶ authorises the Chief Executive Officer to grant sureties, endorsements and guarantees.

3.1.2.3 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).

3.2 GOVERNANCE BODIES

AFR

3.2.1 BOARD OF DIRECTORS

3.2.1.1 MEMBERS

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 who 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.

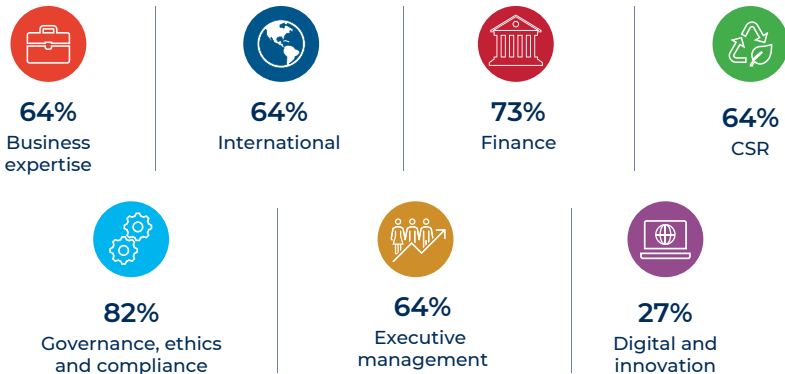
At 31 December 2022, the Board comprised eleven members, including two employee directors and one Board Advisor.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

MEMBERSHIP OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2022



KEY INDICATORS FOR THE BOARD

BOARD EXPERTISE⁽¹⁾

(1) Excluding Board Advisor.

(2) Excluding Board Advisor and employee directors.

(3) Seven meetings and three written consultations.

List of members of the Board of Directors at 31 December 2022

	Personal information				Experience	Position on the Board				Member of a Board Committee		
	Age	Gender	Nationality	Number of shares	Number of directorships held in listed companies ⁽¹⁾	Independence ⁽²⁾	First appointed	End of term of office (GM)	Board seniority	Audit Committee	Appointments, Remuneration and CSR Committee	Ad hoc Committee
At 31 December 2022												
Arnaud Lagardère Chairman and Chief Executive Officer	61	M	French	15,675,447	-	N/A	30 June 2021	2027	Less than 2 yrs			
Virginie Banet	56	F	French	150	2	✓	30 June 2021	2025	Less than 2 yrs	✓	Chair	
Valérie Bernis	64	F	French	150	2	✓	30 June 2021	2025	Less than 2 yrs	✓		✓
Laura Carrere	45	F	French	150	-	✓	30 June 2021	2025	Less than 2 yrs		✓	
Fatima Fikree	30	F	Qatari	150	-	✗	30 June 2021	2025	Less than 2 yrs	✓		
Marie Flavion Employee director	60	F	French	-	-	N/A	23 Sept. 2022	2025	Less than 1 yr			
Pascal Jouen Employee director	60	M	French	47	-	N/A	19 May 2021	2025	Less than 2 yrs		✓	✓
Véronique Morali	64	F	French	150	-	✓	30 June 2021	2025	Less than 2 yrs	Chair	✓	Chair
Arnaud de Puyfontaine	58	M	French	150	2	✗	30 June 2021	2025	Less than 2 yrs			
René Ricol	72	M	French	150	-		16 Feb. 2022	2025	Less than 1 yr			✓
Nicolas Sarkozy	67	M	French	1301	1	✓	30 June 2021	2025	Less than 2 yrs		✓	✓
Pierre Leroy Board Advisor	74	M	French	127,535	-	N/A	30 June 2021	2025	Less than 2 yrs			✓ ⁽¹⁾

(*) Pierre Leroy attends meetings of the ad hoc Committee in a non-voting capacity.

(1) Outside the Lagardère group.

(2) Under the Afep-Medef Code 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

 Nationality: French Date of birth: 18 March 1961 Address: 4 rue de Presbourg, 75116 Paris, France Total number of Company shares held: 504,937 directly and 15,170,510 through Lagardère SAS, Lagardère Capital and Arjil Commandité-Arco⁽¹⁾, controlled by Arnaud Lagardère.	Arnaud Lagardère <i>Chairman and Chief Executive Officer</i> 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 Commandité-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. <table border="1"> <thead> <tr> <th data-bbox="311 384 664 421">Directorships and other positions held in other companies</th><th data-bbox="675 384 1019 421">Directorships and other positions expired during the last five years</th></tr> </thead> <tbody> <tr> <td data-bbox="311 429 664 1072"> <i>In France:</i> ▶ Chairman and Chief Executive Officer, Arjil Commandité-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 ▶ Chairman, Lagardère Capital (formerly Lagardère Capital & Management) ▶ Chairman, Lagardère Management ▶ Chairman, LM Holding ▶ Member of the Board of Directors, Extime Duty Free (formerly Société de Distribution Aéroportuaire (SDA)) ▶ Member of the Board of Directors, Relay@ADP <i>Outside France:</i> ▶ Member of the Board of Directors, Lagardère North America </td><td data-bbox="675 429 1019 1072"> ▶ 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 </td></tr> </tbody> </table>	Directorships and other positions held in other companies	Directorships and other positions expired during the last five years	<i>In France:</i> ▶ Chairman and Chief Executive Officer, Arjil Commandité-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 ▶ Chairman, Lagardère Capital (formerly Lagardère Capital & Management) ▶ Chairman, Lagardère Management ▶ Chairman, LM Holding ▶ Member of the Board of Directors, Extime Duty Free (formerly Société de Distribution Aéroportuaire (SDA)) ▶ Member of the Board of Directors, Relay@ADP <i>Outside France:</i> ▶ Member of the Board of Directors, Lagardère North America	▶ 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
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<i>In France:</i> ▶ Chairman and Chief Executive Officer, Arjil Commandité-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 ▶ Chairman, Lagardère Capital (formerly Lagardère Capital & Management) ▶ Chairman, Lagardère Management ▶ Chairman, LM Holding ▶ Member of the Board of Directors, Extime Duty Free (formerly Société de Distribution Aéroportuaire (SDA)) ▶ Member of the Board of Directors, Relay@ADP <i>Outside France:</i> ▶ Member of the Board of Directors, Lagardère North America	▶ 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) Arjil Commandité-Arco is majority-owned by Lagardère Capital, which is wholly-owned by Arnaud Lagardère (directly and indirectly, through the companies Lagardère SAS and LM Holding).



Nationality: French

Date of birth:
18 January 1966

Address:
68 avenue d'Iéna,
75116 Paris, France

Total number of
Company shares held:
150

Virginie Banet

Independent director

Chair of the Appointments, Remuneration and CSR Committee

Member of the Audit Committee

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 Lolite Financial Consulting and became Senior Advisor at AlixPartners and Brunswick. Virginie Banet was appointed to the Supervisory Board of Vallourec in February 2020 where she sat on the Finance and Audit Committee, until Vallourec's governance structure was combined into a single Board of Directors in July 2021. She is currently a member of the Board of Directors of Netgem and of Mediobanca SpA. Virginie Banet is also a member of the French Institute of Directors' (IFA) ESG Club, and is therefore deeply engaged on CSR matters. In October 2022, she participated in the ESG Club's Matinale event on corporate social responsibility and jointly edited a report on social and societal issues dealing with the challenge for boards of managing human capital challenges and the meaning of social responsibility.

Directorships and other positions held in other companies

In France:

- Chair, Lolite Financial Consulting
- Member of the Board of Directors, Netgem (listed company)

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)
- Member of the Audit Committee, Netgem (listed company)



Nationality: French

Date of birth:
9 December 1958

Address:
86 avenue de Breteuil,
75015 Paris, France

Total number of
Company shares held:
150

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 Économiques 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 Chief Executive Officer of Paris Première, a French TV channel. Appointed Deputy Chief Executive Officer and member of the Executive Committee of Engie in 2001 until 2016, Valérie Bernis was also Executive Vice-President – Financial and Corporate Communications and Sustainable Development, as well as being Vice President of the Engie Foundation. Until end-December 2022, she was a member of the Board of Directors, Nomination Committee and Audit Committee of L'Occitane International SA.

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 and Special Committee, Atos (listed company)
- ▶ Member of the Board of Directors, Chair of the 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

Address:
22 rue de Folie-
Méricourt, 75011 Paris,
France

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 is Assistant Managing Director, Development and Investor Relations, Eiffel Investment Group. 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 also 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:

- ▶ None

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



Nationality: Qatari

Date of birth:
13 April 1992

Address:
29 Bahri North Drive,
Doha, Qatar

Total number of
Company shares held:
150

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.

Directorships and other positions held in other companies

In France:

► None

Outside France:

► Chair and Director, Q West Holding LLC

► Chair and Director, Qure Holding LLC

► Director, F3 Holding LLC

Directorships and other positions expired during the last five years

► Chair of the Supervisory Board, Northern Capital Gateway

► Director, Thalita Trading Limited



Nationality: French

Date of birth:
9 June 1962

Address:
10 avenue
Anatole France
94220 Charenton-le-Pont,
France

Total number of
Company shares held: 0

Marie Flavion

Employee director

Marie Flavion is currently Operational Marketing Product Manager at the Hatier group's Diffusion Department, in charge of relations between diffusion and publishers and event communication, a position she has held since 2014. She joined the Hatier group's Diffusion Department in 1990, first as a project manager, before taking up the position of Promotion and Communication Manager from 2000 to 2014.

She began her career at Éditions Larousse in 1985 as an archivist and editor.

Marie Flavion holds a master's degree in philosophy from the University of Paris Sorbonne and a DEUG in modern literature.

Directorships and other positions held in other companies

In France:

► None

Outside France:

► None

Directorships and other positions expired during the last five years

► Secretary of Editions Hatier's Economic and Social Committee (2022)

► Deputy Secretary of Editions Hatier's Economic and Social Committee (2017-2021)



Nationality: French

Date of birth:
28 October 1962

Address:
243 rue du Parc,
24300 Saint-Martial-de-
Valette, France

Total number of
Company shares held:
47

Pascal Jouen

Employee director

Member of the Appointments, Remuneration and CSR Committee

Member of the ad hoc Committee

Pascal Jouen 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.

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

Outside France:

► None

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



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

Address:
11 bis rue Casimir
Périer, 75007 Paris,
France

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 Board of Directors, 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)
- ▶ Chief Executive Officer, Webco
- ▶ Chair, Force Femmes
- ▶ Member, Le Siècle (non-profit)

Outside France:

- ▶ Chair, Fimalac Développement (Luxembourg)
- ▶ Member of the Board of Directors, Edmond de Rothschild SA (Switzerland)

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 (Switzerland)
- ▶ Member of the Board of Directors, Edmond de Rothschild SA (France)
- ▶ 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.
- ▶ Member of the Board of Directors, SNCF Mobilités (state-controlled corporation)
- ▶ 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



Nationality: French

Date of birth:
26 April 1964

Address:
37 rue du Général Foy,
75008 Paris, France

Total number of
Company shares held:
150

Arnaud de Puyfontaine

Director

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 Board of Directors 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 international magazine titles, 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)
- Vice-Chairman and 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 Board of Directors, Dailymotion
- Member of the Advisory Committee, Innit
- Honorary Chairman, French-American Foundation

Outside France:

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

Directorships and other positions expired during the last five years

- Chairman and Chief Executive Officer, Gameloft
- 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



Nationality: French

Date of birth:
26 December 1950

Address:
22 rue Beaujon, 75008
Paris, France

Total number of
Company shares held:
150

René Ricol

Independent director

Member of the ad hoc Committee

René Ricol holds a master's degree in economics, is a consultant and certified public accountant and auditor. He is a former court-appointed expert at the French Court of Cassation (*Cour de cassation*)

After starting his career as a partner in the accounting business, he co-founded the financial advisory firm Ricol & Lasteyrie in 1986, which he chaired until its sale in 2015.

In 2018, he set up the consulting firm Ricol Lasteyrie, which he chairs and for which he leads the strategy consulting and crisis management practice.

René Ricol has also chaired France's institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*, 1985-1989), association of chartered accountants (*Conseil Supérieur de l'Ordre des Experts-Comptables*, 1994-1998), association of financial consultants and experts (*Compagnie des Conseils et Experts Financiers*) and the International Federation of Accountants – IFAC (2002-2004).

René Ricol has also held a number of leadership positions in the public sphere, serving as Chairman of the French Trade Credit Observatory (*Observatoire des Délais de Paiement*), Chairman of the French business creation agency (*Agence pour la création d'entreprise*), Chairman of the Advisory Board of France Investissement, as well as holding the positions of French credit mediator and general commissioner for investment.

Directorships and other positions held in other companies

In France:

- ▶ Chairman, Ricol & Co
- ▶ President, Ricol – Lasteyrie Conseil
- ▶ Director, Ricol – Lasteyrie Conseil
- ▶ Member of the Board of Directors and Treasurer of the Institut Montaigne
- ▶ Member of the Board of Directors and Treasurer of Fondation de la deuxième chance
- ▶ Member of the Board of the Medical Faculty of Paris Sud
- ▶ Deputy Chairman, Fondation de France
- ▶ Director, Quartet Santé (non-profit)
- ▶ Board Advisor (*censeur*), La Mondiale
- ▶ Director, Delta 3C

Outside France:

- ▶ None

Directorships and other positions expired during the last five years

- ▶ Deputy Chairman of the Marie-Lannelongue hospital
- ▶ Member of the Board of Directors of Fondation Chirac



Nationality: French

Date of birth:
28 January 1955

Address:
77 rue de Miromesnil,
75008 Paris, France

Total number of
Company shares held:
1,301

Nicolas Sarkozy

Independent director

Member of the Appointments, Remuneration and CSR Committee

Member of the ad hoc Committee

Nicolas Sarkozy is 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*.

Nicolas Sarkozy also provides consulting services to several international groups, including chairing the Advisory Board of Corsair, and acting as a consultant to the Management Committee of the Marietton group. He sits on the Advisory Board of Chargeurs (listed company) as well as being a consultant to Axian and SC Varsano.

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
- Member of the International Advisory Network, Natixis
- Chief Executive Officer, CSC SELAS

Outside France:

- None

Directorships and other positions expired during the last five years

- Member of the Natixis International Advisory Network



Nationality: French

Date of birth:
8 October 1948

Address:
4 rue de Presbourg,
75116 Paris, France

Total number of
Company shares held:
127,535

Pierre Leroy

Board Advisor

Deputy Chief Executive Officer

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 Lévy
- Permanent representative of Education Management at the Board of Directors, Librairie Générale Française
- Permanent representative of Hachette Livre at the Board of Directors, Audiolib

Directorships and other positions expired during the last five years

- Representative of Lagardère Participations, Chairman of Hélios
- Director, Ecrinvest 4
- Chairman, Holpa

- ▶ 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
 - ▶ Chairman, Lagardère Participations
 - ▶ Chairman, Lagardère Expression
 - ▶ Chairman, Dariade
 - ▶ Chairman, Sofrimo
 - ▶ Chairman, Lagardère Live Entertainment
 - ▶ Chairman, Fondation Hachette Livre pour la lecture
 - ▶ 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, Equajal
 - ▶ Chairman, IMEC (Institut Mémoires de l'Édition Contemporaine)
 - ▶ Chairman, Mémoire de la Création Contemporaine Endowment Fund
 - ▶ 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, 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 2022

Changes in the membership of the Board of Directors and the Board Committees in 2022

At 31 December 2022:

	Departures	Appointments	Re-appointments
Board of Directors	Noëlle Genaivre, employee director (30 Sept. 2022)	René Ricol (16 Feb. 2022) Marie Flavion, employee director (appointed 23 Sept. 2022, with effect from 1 Oct. 2022)	–
Audit Committee	–	–	–
Appointments, Remuneration and CSR Committee	Noëlle Genaivre, employee director (30 Sept. 2022)	Pascal Jouen, employee director (9 Dec. 2022)	–
Ad hoc Committee	Arnaud Lagardère (14 Sept. 2022)	René Ricol (14 Sept. 2022)	–

At its meeting of 16 February 2022, the Board of Directors co-opted René Ricol to fill the seat vacated by Joseph Oughourlian, with the Board thereby reaching the maximum number of members required, i.e., nine members excluding employee directors and the Board Advisor (*censeur*). This appointment was ratified by the General Meeting of Shareholders on 22 April 2022.

On 14 September 2022, the Board of Directors, having decided to broaden the remit of the *ad hoc* Committee to include monitoring the planned reorganisation of the Group's radio unit, modified its membership by appointing René Ricol to replace Arnaud Lagardère, who wished to step down from the Committee in order to avoid any potential conflict of interest.

On 23 September 2022, the Group Employees' Committee appointed Marie Flavion as a new employee director to replace Noëlle Genaivre as of 1 October 2022, the date of Noëlle Genaivre's retirement.

On 9 December 2022, the Board of Directors appointed Pascal Jouen as a member of the Appointments, Remuneration and CSR Committee, to replace Noëlle Genaivre.

There were no other changes in the membership of the Board of Directors in 2022, and none are planned to date.

In the context of the tender offer for the Company, 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.

D) DIVERSITY OF DIRECTORS' PROFILES

In line with the agreements entered into with the Company's main shareholders⁽¹⁾ in April 2021 as part of the project to convert the Company into a French joint-stock company, the General Meeting of Shareholders of 30 June 2021 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.

The directors appointed on 30 June 2021 were all appointed for a four-year term, with the exception of Arnaud Lagardère, who was appointed for six years. Accordingly, the membership of the Board should not under normal circumstances change before 2025, except if it evolves following a takeover or the departure of one of the main shareholders.

This latter situation occurred in December 2021 when Amber Capital sold its entire stake in the Company and Joseph Oughourlian subsequently resigned. Following the departure of the Amber Capital representative, the Board of Directors acting collectively decided to appoint a new independent director, René Ricol, who then joined the Board.

Although the Board's membership is not yet set to evolve under normal circumstances due to its members only having been in office for a short period of time, the Board ensures that it is sufficiently diverse to carry out its duties to the best of its ability.

This diversity policy is designed to ensure that all skills and expertise essential to the work of the Board of Directors are represented, through a combination of knowledge of the industries in which the Group's businesses operate, along with expertise in management, finance and CSR.

In light of the burgeoning importance of CSR, the Board of Directors looks to ensure that all of its members enrich their expertise in this area.

The Board's diversity policy also aims to promote international experience and a broad variety of cultural backgrounds and perspectives, which help enhance Board discussions.

(1) Arnaud Lagardère, Vivendi, Qatar Holding LLC, Amber Capital and Financière Agache.

Pursuant to article L. 22-10-10 of the French Commercial Code, details of this diversity policy and how it was implemented in 2022 are documented below:

Criteria	Objectives	Basis for implementation and 2022 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.	The Articles of Association require the Board to have at least eight members and no more than nine members appointed by the shareholders, plus the employee directors appointed by the Group Employees' Committee. At 31 December 2022, the Board was at its maximum of nine members appointed by the shareholders and two employee directors appointed by the Group Employees' Committee, i.e., a total of 11 directors, slightly below the average number of directors in the panel of companies listed on the SBF 120 index.
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.	At 31 December 2022, no member of the Board of Directors in office was aged over 75. The average age of Board members was 57, below the average age observed for the SBF 120 panel.
Gender balance	At least 40% of members are women.	At 31 December 2022, the proportion of women on the Board of Directors was 55.5% ⁽¹⁾ , comfortably exceeding the legal requirements and the average observed for the SBF 120 panel.
Availability	The availability of members of the Board of Directors must be sufficient to allow the Board and its Committees to operate effectively.	In 2022, the average attendance rate of members at meetings of the Board of Directors was 97% ⁽²⁾ (97% for the Audit Committee, 100% ⁽²⁾ for the Appointments, Remuneration and CSR Committee and 100% ⁽²⁾ for the <i>ad hoc</i> Committee), i.e., rates equal to or slightly higher than the average attendance rate observed on the SBF 120 panel.
Qualifications and professional experience Nationality, international experience	The Board must comprise diverse skills and profiles with in-depth knowledge of the Group's businesses, an international approach, but also significant expertise and experience in finance, management, governance, ethics and compliance, digital and innovation, and detailed knowledge of social, societal and environmental issues, including climate change.	The chart below reflects this diversity.
Independence	At least half of members must be independent pursuant to the Afep-Medef Corporate Governance Code.	At 31 December 2022, 66.6% ⁽¹⁾ of Board members were independent, significantly exceeding the recommendations of the Afep-Medef Code and in line with the average rate observed for the SBF 120 panel.
Employee representation on the Board	In compliance with article L. 225-27-1 of the French Commercial Code (further to the French "Pacte law"), 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.	Accordingly, at 31 December 2022, as the Board comprised nine members appointed put forward by the shareholders, it had two employee directors designated by the Group Employees' Committee. In addition to his directorship, Pascal Jouen is also a member of the Appointments, Remuneration and CSR Committee and the <i>ad hoc</i> Committee.

(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. At its meeting of 10 March 2023, the Board of Directors approved the new

matrix, on the recommendation of the Appointments, Remuneration and CSR Committee, setting out in detail the different Board skills, particularly in terms of CSR, and the overall rate achieved for each of these categories.

	Business expertise		International		Finance		CSR		Governance, ethics and compliance		Executive management		Digital and innovation	
														
A. Lagardère	●		●		●		-		●		●		●	
V. Banet	●		●		●		●		●		●		-	
V. Bernis	●		-		●		●		●		●		-	
L. Carrere	-		●		●		●		●		●		-	
F. Fikree	●		●		●		-		●		-		-	
M. Flavion	●		-		-		●		-		-		-	
P. Jouen	●		-		-		●		-		-		-	
V. Morali	-		-		●		-		●		●		●	
A. de Puyfontaine	●		●		-		●		●		●		●	
R. Ricol	-		●		●		●		●		-		-	
N. Sarkozy	-		●		●		-		●		●		-	
Total	7/11	64%	7/11	64%	8/11	73%	7/11	64%	9/11	82%	7/11	64%	3/11	27%

Business expertise: experience or in-depth knowledge of the Company's business activities (publishing, travel retail and media).

International: significant work carried out in France or abroad with a transnational dimension; positions held abroad; persons of foreign nationality or with significant knowledge of geopolitics and international economics.

Finance: significant experience in the financial sector (banking, accounting, financial markets), capital management or risk management.

CSR: significant experience in sustainable development or in-depth knowledge of social, societal and environmental issues (including climate change).

Governance, ethics and compliance: persons holding non-executive offices on boards or committees of other companies, or with expertise or in-depth knowledge of the ethics and compliance policy to be implemented by the Company.

Executive management: significant experience in general management (chief executive, deputy chief executive, vice-chair, etc.) or as a senior executive or member of an executive body (executive or management committee, etc.).

Digital and innovation: significant experience or expertise in developing and implementing digital innovation strategies and IT system security.

E) DIRECTOR INDEPENDENCE

Each year, 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. An independence review is also conducted when any new director is appointed or serving director re-appointed.

As set out in the Afep-Medef Corporate Governance Code, 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.

According to the Afep-Medef Code, an independent director must meet the following criteria:

- ▶ 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 controls,
 - 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,

- ▶ not to be a customer, supplier, investment banker, commercial banker or consultant⁽²⁾:
 - that is significant to the Company or the Group,
 - or for which the Company or the Group represents a significant proportion of its activities.

(For this criterion, the Afep-Medef Corporate Governance Code states that the question of whether or not the relationship a director may have with the Company or the Group is material 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.

(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).

(2) Or to have direct or indirect links to such persons or entities.

The Afep-Medef Code recommends that the Board of Directors assess the independence of its members by examining each of the criteria set out above. However, the Code provides that the Board may consider a director who does not meet all of these criteria as independent and justify its assessment.

The Appointments, Remuneration and CSR Committee reviewed the independence status of the various members of the Board of Directors at its meeting of 31 January 2023, based on the information available to it and the statements made by the directors themselves. This review included an assessment of whether or not any business relationships that may exist between the Company and certain directors are material. 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 Committee considered 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 Realyze and the attendant fees paid to that firm, the Committee considered that the business relationship is not material either for the Group or for Realyze and that accordingly, Nicolas Sarkozy meets the independence criteria.

In addition, the Committee 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.

In conclusion, based on the analysis carried out by the Appointments, Remuneration and CSR Committee on the individual situation of each director, the Board of Directors, at its meeting of 15 February 2023, determined that six of its nine members (excluding employee directors) – Véronique Morali, Laura Carrere, Valérie Bernis and Virginie Banet, as well as René Ricol and Nicolas Sarkozy – can be considered as independent members, representing an overall Board independence rate of 66.6%.

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

	A. Lagardère	V. Banet	V. Bernis	L. Carrere	F. Fikree	M. Flavion ^(*)	P. Jouen ^(*)	V. Morali	A. de Puyfontaine	R. Ricol	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	N/A
Status of major shareholder	N/A	✓	✓	✓	✗	N/A	N/A	✓	✗	✓	✓
Conclusion	N/A	Independent	Independent	Independent	Not independent	N/A	N/A	Independent	Not independent	Independent	Independent

^(*) Employee director.

3.2.2 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.

They are also available in the Governance section of Lagardère's website.

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. 22-10-12 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.

3.2.3 WORK OF THE BOARD OF DIRECTORS IN 2022

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.

In 2022, the Supervisory Board met seven times with an average attendance rate of 97%. Each Board meeting lasted three hours on average. The Board of Directors also took three decisions by way of written consultation. The notices of meetings, together with the agenda, were sent by e-mail several days before each meeting. The documents were also made available to the directors via a secure electronic platform before each meeting.

The Board meets regularly to review the financial position and operations of the Company and its subsidiaries, the parent company, consolidated and 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. They also received press releases published by the Company and analysts' reports.

In 2022, the Board's work mainly focused on:

Group business, strategy and finance:

- ▶ regularly monitoring business performance and current events,
- ▶ reviewing and approving the 2021 parent company and consolidated financial statements and the 2022 interim financial statements, as well as the annual and interim financial reports and related press releases,
- ▶ reviewing the 2022 quarterly financial information and related press releases,
- ▶ reviewing the Group's strategic plan,
- ▶ approving the Group's business plan (updating the 2022-2024 business plan and approving the business plan for 2023-2025),
- ▶ approving the Company's 2021 Universal Registration Document and its Amendment,
- ▶ implementing the share buyback programme approved by the General Meeting,
- ▶ terminating the liquidity agreement with Kepler Cheuvreux and arranging a new liquidity agreement with Exane,
- ▶ renewing the annual authorisation for the Chairman and Chief Executive Officer to grant sureties, warranties or undertakings on behalf of the Company.

Governance, appointments and remuneration:

- ▶ validating the 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 of 30 June 2021,
- ▶ approving the remuneration policies for 2022 applicable to the Company's corporate officers submitted for approval to the General Meeting of 22 April 2022,
- ▶ setting the components of remuneration for the corporate officers for 2022 in accordance with the policies approved by the General Meeting on 22 April 2022,
- ▶ preparing for the General Meeting of Shareholders on 22 April 2022 and approving all related legal documentation,
- ▶ setting up a free share plan and a performance share plan in accordance with the authorisations granted by the General Meeting of 30 June 2021,
- ▶ delivering the free shares and performance shares that have vested,
- ▶ appointing René Ricol as an independent director to replace Joseph Oughourlian,
- ▶ appointing René Ricol as a member of the *ad hoc* Committee to replace Arnaud Lagardère,
- ▶ appointing Pascal Jouen, an employee director, as a member of the Appointments, Remuneration and CSR Committee to replace Noëlle Genaive,
- ▶ conducting the annual review of Board membership,
- ▶ analysing the findings resulting from the independent expert's assessment of the membership and operating procedures of the Board of Directors and its Committees.

As a reminder, during the second half of 2021, the Board of Directors selected a new Statutory Auditor to replace Ernst & Young, whose term of office expires at the end of the General Meeting of 18 April 2023. Accordingly, at said General Meeting, the shareholders will be invited to appoint Deloitte & Associés as Statutory Auditor of the Company for a term of six (6) fiscal years ending at the end of the General Meeting to be called in 2029 to approve the 2028 financial statements.

Corporate social responsibility:

- ▶ reviewing the Group's CSR roadmap,
- ▶ reviewing the Group's climate strategy,
- ▶ presenting the risk and opportunity analysis conducted in 2022.

Notices, authorisations and other duties:

- ▶ issuing a reasoned opinion on the public tender offer filed by Vivendi SE,
- ▶ approving the draft note in response (*note en réponse*) and the "Other information" document prepared by the Company in connection with the proposed public tender offer filed by Vivendi SE,
- ▶ regularly monitoring progress on the proposed takeover of the Company by Vivendi SE,

- ▶ reviewing the performance of the Service Agreement entered into between Lagardère Management and Lagardère Ressources in 2021,
- ▶ authorising, pursuant to article L. 225-38 of the French Commercial Code, signing of an amendment to the Service Agreement,
- ▶ studying and regularly monitoring the plan to reorganise the ownership and governance of the Group's radio unit.

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

Members' attendance at Board of Directors' and Committee meetings in 2022

Board Member	Board of Directors	Audit Committee	Appointments, Remuneration and CSR Committee	Ad hoc Committee
Valérie Banet	100%	100%	100%	-
Valérie Bernis	100%	100%	-	100%
Laura Carrere	100%	-	100%	-
Arnaud de Puyfontaine	100% ⁽¹⁾	-	-	-
Fatima Fikree	100%	87.50%	-	-
Marie Flavion	100%	-	-	-
Noëlle Genaivre	100%	-	100%	-
Pascal Jouen	100%	-	-	100%
Arnaud Lagardère	100%	-	-	100%
Pierre Leroy	86%	-	-	100%
Véronique Morali	100%	100%	100%	100%
René Ricol	91.67%	-	-	100%
Nicolas Sarkozy	71.43%	-	100%	100%
Total	97%	97%	100%	100%

(1) Note that this excludes the meeting of 21 March 2022, which Arnaud de Puyfontaine did not attend in application of the ring-fencing rules provided for in the Board of Directors' Rules of Procedure, and which concerned the issue of the Board's reasoned opinion on the proposed public offer filed on 21 February 2022.

3.2.4 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, submit their observations, opinions, proposals and recommendations to the Board by reporting to the Board regularly on their work. The Board relies on the work of its Committees throughout the course of the year.

The Board of Directors has set up three committees: the Audit Committee, the Appointments, Remuneration and CSR Committee and an *ad hoc* Committee, set up in December 2021 in the context of the proposed tender offer initiated by Vivendi SE, and whose duties were subsequently extended to include monitoring the progress on the proposed reorganisation of the Group's radio unit.

The main organisational and operational procedures of the first two Committees are set out in the Board of Directors' Rules of Procedure (Appendix A2).

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 2022, three-quarters of the Audit Committee members were independent. In 2022, the Audit Committee met eight times with a 97% 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 2022	► reviewing the 2021 parent company and consolidated financial statements and the 2022 interim financial statements, as well as the financial information for the first and third quarters of 2022, ► reviewing the 2021 annual financial report and the 2022 interim financial report, ► reviewing the 2022-2023 financial communication calendar, ► reviewing the financial reporting processes, ► reviewing the cash management policy, ► reviewing the fees paid to the Statutory Auditors, ► 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 chapter on risk factors and internal controls in the 2021 Universal Registration Document, ► reviewing the work of the Internal Audit Department and the 2022 audit plan, ► reviewing the Group's tax policy, ► reviewing information systems security: the 2022 status report, the programme recommendations and progress report, ► reviewing the summary of financial commitments analysis approved by the Finance Committee for Lagardère Publishing and Lagardère Travel Retail, ► reviewing the Group's litigation/disputes, ► reviewing the update of the 2022-2024 budget, ► reviewing the 2023-2025 business plan, ► reviewing the performance of the Service Agreement in 2021, ► reviewing the proposed amendment to the Service Agreement, ► reviewing Hachette Livre France's infrastructure transformation plan. In addition, at each of its meetings, the Audit Committee followed up on the key performance indicators of the Group and its operating divisions, financing matters, cost savings plans, 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 contributors were invited 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 operating 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 ▶ Pascal Jouen At 31 December 2022, all of the members of the Appointments, Remuneration and CSR Committee were independent directors. An employee director also sat on this Committee during the year. In 2022, the Audit Committee met six times with a 100% 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 2022	<u>Regarding sustainable development (CSR):</u> ▶ 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, ▶ reviewing the ESG reporting processes, ▶ reviewing and following up on the Company's ESG ratings, ▶ reviewing the social indicators tracked within the scope of the Group's ESG reporting process. <u>Regarding remuneration:</u> ▶ reviewing and making recommendations with regard to the 2022 remuneration policy for executive corporate officers and corporate officers, ▶ making recommendations to the Board of Directors on the components of remuneration due to the corporate officers for 2021 pursuant to the approved 2021 remuneration policies, ▶ preparing the 2022 free share and performance share plans, ▶ monitoring work on the grant of an extended free share plan as part of the expansion of employee share ownership, ▶ reviewing D&O insurance policies covering the Group's corporate officers. <u>Regarding governance:</u> ▶ reviewing the membership of the Board of Directors and its standing Committees with regard to diversity, experience and independence, ▶ reviewing the anti-discrimination policy, notably as regards the principle of balanced representation of women and men within the Group's executive bodies, ▶ reviewing succession plans, ▶ overseeing the initial annual assessment of the operating procedures of the Board and its Committees, ▶ reviewing the report drawn up by Egon Zehnder, which was commissioned as part of the first annual assessment of the operation of the Board of Directors and its Committees. <u>Regarding Board and Committee membership:</u> ▶ recommending the co-optation of René Ricol as an independent director to replace Joseph Oughourlian, ▶ recommending the appointment of Pascal Jouen, as a member of the Appointments, Remuneration and CSR Committee, to replace Noëlle Genaivre. 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 Information and Environmental Responsibility, as well as the CSR and HR correspondents of the operating divisions and Lagardère News, based on the topics covered during the different meetings.

C) AD HOC COMMITTEE

Members	► Véronique Morali (Chair) ► Valérie Bernis ► Nicolas Sarkozy ► Pascal Jouen ► René Ricol ► Pierre Leroy Pierre Leroy, Board Advisor, also sits on the <i>ad hoc</i> Committee in a non-voting capacity. At 31 December 2022, all of the members of the <i>ad hoc</i> Committee were independent directors. An employee director also sat on this Committee during the year. In 2022, the <i>ad hoc</i> Committee met nine times with a 100% attendance rate.
Main tasks	In connection with Vivendi SE's proposed public tender offer: ► recommending the independent expert appointed by the Board of Directors, ► following up on the independent expert's work, ► reviewing the terms and conditions of Vivendi SE's proposed public tender offer, ► assisting the Board of Directors in drafting the reasoned opinion on Vivendi SE's proposed public tender offer, ► following-up of Vivendi SE's proposed acquisition of the Company, reviewing any questions and/or comments from the shareholders, making recommendations regarding any important Company decision in relation to the offer and/or procedures with the competition authorities and the French broadcasting regulator (<i>Autorité de régulation de la communication audiovisuelle et numérique</i> – Arcom, resulting from the merger of the CSA and Hadopi), ► assisting the Board of Directors in drafting the reasoned opinion on Vivendi SE's proposed public tender offer. In connection with monitoring the reorganisation project for the Group's radio unit: ► generally monitoring the reorganisation project for the Group's radio unit, making proposals on any important decision of the Company in relation to this project with the French financial markets authority (<i>Autorité des marchés financiers</i> – AMF) and/or the competition authorities or the French audiovisual regulator, ► following up on the financial and legal experts' work, ► making recommendations to the Board of Directors.
Main work in 2022	► reviewing the terms and conditions of Vivendi SE's proposed public tender offer, ► following up on the independent expert's work, ► fully presenting the analysis and conclusions of the independent expert, ► following up Vivendi SE's proposed takeover of the Company, including procedures with the competition authorities and the French broadcasting regulator, ► monitoring the consultation process with the Group Employees' Committee, ► drafting the reasoned opinion on Vivendi SE's proposed public tender offer, ► monitoring the progress of the reorganisation project for the Group's radio unit.

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

In 2022, following its first full year of operation, the Board of Directors carried out its initial 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.

In accordance with the governance tasks assigned to it, the Appointments, Remuneration and CSR Committee oversaw the first annual assessment of the operations of the Board and its Committees.

In order to successfully conduct this first assessment in compliance with best corporate governance practices, the Committee selected an external service provider specialised in this field and recognised by the industry, i.e., the firm Egon Zehnder.

Egon Zehnder met with all members of the Board of Directors and with the Board Secretary between May and June 2022. These meetings took the form of confidential interviews lasting between 90 minutes and two hours, assisted by a discussion guide.

This assessment, conducted by Egon Zehnder, was based on a questionnaire and individual interviews with each member of the Board of Directors.

The assessment submitted by Egon Zehnder highlighted the following points:

- a highly qualitative Board membership in terms of skills and experience,
- increased professionalism with the creation of Committees that are more focused and involved in decision-making,
- productive and relevant discussions,
- high-quality preparation of meeting documents,
- efficiency, transparency and freedom of speech for members,
- effective crisis management.

Based on the very positive conclusions of this report and the recommendations of its Appointments, Remuneration and CSR Committee, the Board of Directors will examine in depth two main areas that could be improved: (i) the Board's work moving towards more traditional subjects relative to the Group's long-term

performance such as innovation and CSR, and (ii) the Board's membership and operating procedures potentially changing in connection with the acquisition of the Group by Vivendi SE (appointment of a lead director, clarification of the status of the Board Advisor [censeur], creation of new Board Committees, etc.).

3.2.6 COMPLIANCE WITH THE AFEP-MEDEF CODE

The Company applies the corporate governance principles laid down in the Afep-Medef Code. The only recommendation not followed by the Company as at 31 December 2022:

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.

3.3 ADDITIONAL INFORMATION ON MEMBERS OF THE BOARD OF DIRECTORS

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3.3.1 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 two 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 and by a court ruling dated 30 September 2021 to a one-year prison sentence for illegal campaign financing. Nicolas Sarkozy

has appealed these rulings and accordingly, the presumption of innocence continues to apply in all respects. These first-instance rulings in no way affect 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.

3.3.2 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 Realize 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, Chief Executive Officer) and Lagardère Ressources, a subsidiary of Lagardère SA. For more details on the agreement, see section 3.7 of the Universal Registration Document.

3.3.3 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 mobile video games. Arnaud de Puyfontaine is

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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 relation to the proposed public tender offer initiated by Vivendi SE, Arnaud de Puyfontaine abstained from participating in the meeting of 21 March 2022 concerning the reasoned opinion of the Board of Directors on the proposed public tender offer filed on 21 February 2022.

3.3.4 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).
- ▶ 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 Afp-Medef Code.

3.3.5 TRANSACTIONS IN LAGARDÈRE SA SHARES BY THE CORPORATE OFFICERS DURING 2022

The following transactions in the Company's shares were disclosed in 2022 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
Pierre Leroy	Deputy Chief Executive Officer	Vesting of performance shares	Shares	16 May 2022	22,400	0	0
Arjil Commandité-Arco	Legal entity related to Arnaud Lagardère, Chairman and Chief Executive Officer	Release of pledge	Shares	19 April 2022	5,000,000	0	0
		Financing by monetisation	Shares	7 Nov. 2022	677,966	17.70	11,999,998.20
		Pledge	Shares	7 Nov. 2022	808,453	0	0
		Acquisition	Shares	10 Nov. 2022	2,932	18.5925	54,513.21
		Acquisition	Shares	11 Nov. 2022	12,077	18.9007	228,263.75
		Acquisition	Shares	14 Nov. 2022	806	18.8500	15,193.10
		Acquisition	Shares	15 Nov. 2022	14,108	18.8832	266,404.19
		Acquisition	Shares	16 Nov. 2022	4,064	18.9436	76,986.79
		Acquisition	Shares	17 Nov. 2022	15,275	18.8911	288,561.55
		Acquisition	Shares	18 Nov. 2022	9,167	18.9752	173,945.66
		Acquisition	Shares	21 Nov. 2022	100	18.9800	1,898.00
		Acquisition	Shares	22 Nov. 2022	1,860	18.9857	35,313.40
		Acquisition	Shares	23 Nov. 2022	250	19.00	4,750.00
		Acquisition	Shares	25 Nov. 2022	70	18.9500	1,326.50
		Acquisition	Shares	16 Dec. 2022	1,291	18.8200	24,296.62
		Acquisition	Shares	19 Dec. 2022	56	18.9000	1,058.40
		Acquisition	Shares	20 Dec. 2022	1,468	18.9760	27,856.77
		Acquisition	Shares	21 Dec. 2022	436	18.9600	8,266.56
Lagardère Capital	Legal entity related to Arnaud Lagardère, Chairman and Chief Executive Officer	Release of pledge	Shares	19 April 2022	10,105,664	0.00	0
		Pledge	Shares	19 April 2022	10,105,664	0.00	0
		Financing by monetisation	Shares	19 April 2022	5,896,226	25.44	149,999,989.44
Vivendi SE	Legal entity related to Arnaud de Puyfontaine, Director	Acquisition	Shares	25 May 2022	14,535,159	25.00	363,378,975
		Acquisition	Shares	14 June 2022	2,715,370	25.00	67,884,250
		Acquisition	Shares	22 July 2022	1,148	24.10	27,666.80
		Acquisition	Shares	5 Aug. 2022	6,515	24.10	157,011.50
		Acquisition	Shares	19 Aug. 2022	3,177	24.10	76,565.70
		Acquisition	Shares	2 Sept. 2022	15,652	24.10	377,213.20
		Acquisition	Shares	16 Sept. 2022	4,868	24.10	117,318.80
		Acquisition	Shares	30 Sept. 2022	6,509	24.10	156,866.90
		Acquisition	Shares	14 Oct. 2022	267,265	24.10	6,441,086.50
		Acquisition	Shares	28 Oct. 2022	11,018	24.10	265,533.80
		Acquisition	Shares	10 Nov. 2022	19,019	24.10	458,357.90
		Acquisition	Shares	25 Nov. 2022	38,897	24.10	937,417.70
		Acquisition	Shares	9 Dec. 2022	23,605	24.10	568,880.50
		Acquisition	Shares	23 Dec. 2022	39,039	24.10	940,839.90

3.4 OTHER GOVERNING BODIES

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3.4.1 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 senior executives of Lagardère Travel Retail and Lagardère News, the Secretary General and the Group Chief Financial Officer, who head up 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.

3.4.2 EXECUTIVE BODY GENDER BALANCE POLICY

With women making up 64% of its workforce at 31 December 2022, 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.

In this context, 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, General Management has adopted a diversity policy for the Group's executive

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, General Management had decided to focus its efforts going forward on a smaller scope that is more representative of the Group's top executives 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 and management

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committees of Lagardère Publishing, Lagardère Travel Retail and Lagardère News, (iii) the 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 350 people (42% women representation at end-2020), in early 2021, General Management had 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:

- ▶ actively seeking 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 unconscious bias 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 the Human Resources and CSR Directors of the operating divisions and the Corporate division 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, who is also a member of the Executive Committee.

These action plans proved a success in 2022, since although the proportion of women as a percentage of the Group's overall workforce fell slightly in the year (64% versus 65% in 2020 and 2021), it has continued to rise significantly in all other areas:

- ▶ from 58% in 2021 to 60% in 2022 for managers (6,568 people in 2022),
 - ▶ **from 44% in 2021 to 45% in 2022 for top executives (365 people), thereby meeting the target two years ahead of the end-2024 deadline that had been set.**
- The presence of women in the Group's executive bodies also further increased in 2022 with:
- ▶ **an equal number of men and women on the Group Executive Committee since 1 July 2022 (50% in 2022 versus 43% in 2021 and 20% in 2020),**
 - ▶ 31% of women on Lagardère Travel Retail's Management Committee in 2021 (compared to 18% in 2020),
 - ▶ an equal number of men and women on the Executive Committee of Hachette Livre,
 - ▶ only the Lagardère News Executive Committee – which until recently had an equal number of men and women – now has more men, following the appointment of three new members which reduced the proportion of women from 50% in 2021 to 33% in 2022.

Lagardère's commitment to gender balance in the workplace was recognised in 2022 when the Group moved up from 16th to **4th place in the ranking of women representation on executive bodies within SBF 120 companies** published by the French Ministry of Gender Equality, Diversity and Equal Opportunities.

3.4.3 HUMAN CAPITAL POLICY AND SKILLS MANAGEMENT – PREPARING SUCCESSION PLAN

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 operating divisions' Human Resources Directors.

This point is discussed in more detail in chapter 2 – 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 an initial periodic review of the succession plans of the Group Executive Committee and the operating 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. Succession plans will next be reviewed in 2024.

3.5 REMUNERATION AND BENEFITS OF EXECUTIVE CORPORATE OFFICERS

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The purpose of this section is to present (i) **the remuneration policies for the Company's executive corporate officers for 2023** and (ii) **the components of the total remuneration and benefits paid during or allocated in respect of 2022 to these corporate officers.**

These remuneration policies and components will be submitted for shareholder approval at the Annual General Meeting to be held on 18 April 2023.

3.5.1 REMUNERATION POLICIES FOR THE EXECUTIVE CORPORATE OFFICERS

3.5.1.1 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 2023 were approved by the Board of Directors on the recommendation of the Appointments, Remuneration and CSR Committee at the Board's meeting on 15 February 2023.

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 an employee director, is to ensure that there are no conflicts of interest when preparing, reviewing and implementing the remuneration policies.

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, including the recognition of **climate issues**, 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 also 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, 45% 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 400 Group employees, notably young high-potential managers identified during the talent management process (see section 3.8.9 below). 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 stakeholders**, tailored to the Group's strategy and its **performance objectives**.

The Appointments, Remuneration and CSR Committee reviewed these remuneration policies in order to assess their alignment with the rules of good governance (Afp-Medef Corporate Governance Code, French financial markets authority and French corporate governance council [HCGE] recommendations on governance, voting policies of proxy advisory firms, etc.) This review led the

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Committee to recommend to the Board certain improvements in the drafting of the remuneration policy for 2023 applicable to executive corporate officers.

Based on this work, the following changes, detailed below, were made to the remuneration policies for executive corporate officers for 2023:

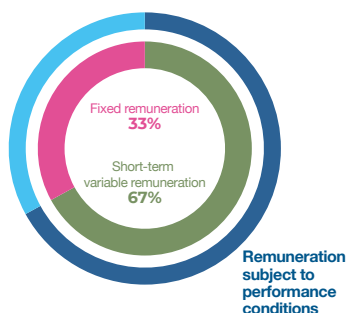
- ▶ a **new financial criterion** was introduced into the structure of annual variable remuneration in order to bring the total number of financial criteria to three, in line with common market practice,
- ▶ the **weighting** of each of these three financial criteria was **adjusted accordingly**, in order to maintain an overall weighting of 70% for financial criteria,
- ▶ the **weighting of non-financial criteria** in short- and long-term variable remuneration **was adjusted** in order to align the Group's goals with its CSR challenges, particularly in terms of the environment.

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.

3.5.1.2 COMPONENTS OF THE REMUNERATION POLICY FOR THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

3.5.1.2.A SHORT-TERM REMUNERATION COMPONENTS

Summary of 2023 maximum remuneration for the Chairman and Chief Executive Officer



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

Structure of 2023 annual variable remuneration for the Chairman and Chief Executive Officer



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 may 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).**

In full compliance with the recommendations of the Afep-Medef Code and the rules of good governance, **both financial criteria – accounting for 70% of annual variable compensation – and quantitative criteria – accounting for 85% of annual variable compensation – are clearly predominant.**

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

Quantitative financial criteria

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

- ▶ **free cash flow (30% weighting),**
- ▶ **recurring operating profit of fully consolidated companies (recurring EBIT) (25% weighting),**
- ▶ **operating margin (15% weighting).**

The Board of Directors, based on the recommendation of the Appointments, Remuneration and CSR Committee, decided to introduce a third financial criterion in 2023 for short-term variable remuneration, i.e., **operating margin**. As a matter of consistency, the Board of Directors deemed appropriate to align with the indicators chosen as part of the Group's long-term remuneration (performance shares), of which Arnaud Lagardère is not a beneficiary. In addition, adding a third criterion diversifies the financial performance targets and is more closely aligned with market practices. Operating margin is calculated by dividing recurring operating profit of fully consolidated companies (Group recurring EBIT) by revenue, reflecting the profitability of the business, and is therefore a key indicator used to direct the Group's performance.

For each of these three 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 three criteria:

- ▶ if the target level is achieved, 100% of the benchmark amount allocated to the criterion is awarded,
- ▶ if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion is 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. The criteria are related to the Group's priority commitments under its corporate social responsibility policy, in particular climate issues.

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 an 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.

Based on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided to maintain the same criteria as those of the previous year in order to assess their performance over the long term. However, it decided to change the weightings of each criterion in order to promote the Group's ethical and environmental goals, including carbon footprint reduction, over the gender balance criterion in executive bodies for which the Group already stands above the average for SBF 120 companies.

For 2023, the three criteria are:

- ▶ **environmental (6% versus 5% in 2022): the reduction in Lagardère's carbon footprint, as measured by the rate of carbon emissions from Scopes 1 & 2 and, partially, Scope 3 as a ratio of the workforce.** As indicated in section 2.3.2. of this Universal Registration Document, in 2022 Lagardère conducted a detailed analysis of its Scope 3 emissions with the aim of defining a pathway to reducing all such emissions. Pending completion of this analysis, the Group considered it appropriate to keep this specific objective targeting certain indirect emissions corresponding to business travel and commuting, over which it already has operational leverage,
- ▶ **ethical (6% versus 5% in 2022): 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,**
- ▶ **social (3% versus 5% in 2022): improved gender balance in executive bodies and in senior positions of responsibility, as measured by the proportion of women top executives.**

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

Qualitative criteria

Based on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided to maintain the 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 2024, the approval of which will be a condition for the payment of the annual variable portion

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	
Free cash flow	30%	€427,800	
Recurring operating profit of fully consolidated companies	25%	€356,500	
Operating margin	15%	€213,900	
Quantitative CSR criteria	15%	€213,900	
Carbon emissions	6%	€85,560	
EcoVadis assessment	6%	€85,560	
Proportion of women top executives	3%	€42,780	
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 3.6 below.

3.5.1.2.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.

3.5.1.2.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 a 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 was 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 15 February 2023, on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided to continue with the "vested benefits" supplementary pension plan which was set up for the last two previous fiscal years, in accordance with the 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 22 April 2022, 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 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) paid during the year, 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 a 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.

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

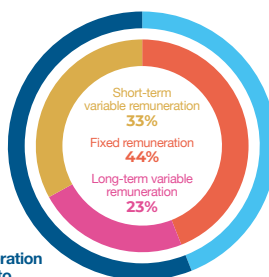
Bonuses may be granted to the executive corporate officers in very specific and exceptional circumstances, notably in connection with one-off transactions requiring extensive involvement of the Chairman and Chief Executive Officer, particularly when the impacts of such transactions, despite being extremely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

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

Any extraordinary remuneration 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.

3.5.1.3 COMPONENTS OF THE REMUNERATION POLICY FOR THE DEPUTY CHIEF EXECUTIVE OFFICER

Summary of 2023 maximum remuneration for the Deputy Chief Executive Officer



Remuneration subject to performance conditions

3.5.1.3.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

Structure of 2023 variable remuneration for the Deputy Chief Executive Officer



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 may 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).**

In full compliance with the recommendations of the Afep-Medef Code and the rules of good governance, **priority is clearly given to both financial** (accounting for 70% of annual variable remuneration) and **quantitative** (accounting for 85% of annual variable remuneration) **criteria**.

The Deputy Chief Executive Officer's annual variable remuneration is also subject to two caps: the amount of the **qualitative portion is capped at 25% of his annual fixed remuneration**, representing no more than one third of his annual variable remuneration, and the total amount of the annual variable remuneration **may not exceed 75% of his annual fixed 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 **three internal criteria**. These criteria reflect key indicators of the Group's solidity:

- ▶ **free cash flow (30% weighting),**
- ▶ **recurring operating profit of fully consolidated companies (recurring EBIT) (25% weighting),**
- ▶ **operating margin (15% weighting).**

For each of these three 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 three criteria:

- ▶ if the target level is achieved, 100% of the benchmark amount allocated to the criterion is awarded,
- ▶ if the level achieved is between the trigger and target levels, 0% to 100% of the benchmark amount allocated to the criterion is 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. The criteria are related to the Group's priority commitments under its corporate social responsibility policy, in particular climate issues.

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 an 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.

Based on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided to maintain the same criteria as those of the previous year in order to assess their performance over the long term. However, it decided to change the weightings of each criterion in order to promote the Group's ethical and environmental goals, including carbon footprint reduction, over the gender balance criterion in executive bodies for which the Group already stands above the average for SBF 120 companies.

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 2023, the three criteria adopted are identical to those adopted for the Chairman and Chief Executive Officer, namely:

- ▶ **environmental (6% versus 5% in 2022): the reduction in Lagardère's carbon footprint, as measured by the rate of carbon emissions from Scopes 1 & 2 and, partially, Scope 3 as a ratio of the workforce,**
- ▶ **ethical (6% versus 5% in 2022): 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,**

► **social (3% versus 5% in 2022): improved gender balance in executive bodies and in senior positions of responsibility, as measured by the proportion of women top executives.**

For each of these three criteria:

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

Qualitative criteria

The qualitative criteria that apply to the Deputy Chief Executive Officer's remuneration, and 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	
Free cash flow	30%	€180,000	
Recurring operating profit of fully consolidated companies	25%	€150,000	
Operating margin	15%	€90,000	
Quantitative CSR criteria	15%	€90,000	
Carbon emissions	6%	€36,000	
EcoVadis assessment	6%	€36,000	
Proportion of women top executives	3%	€18,000	
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 3.10 Appendices) and the rules outlined in the remuneration policy described in section 3.6 below.

3.5.1.3.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 their 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").

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 strategy, measurable and monitored over time using reliable systems, and subject to independent verification.

The performance criteria applicable under the 2023-2025 performance share plan 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 rate**.

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 used to direct the Group's performance.

For each of these three financial 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 priority commitments under its **corporate social responsibility** policy based on the following weightings:
- **environmental (12%): the reduction in Lagardère's carbon footprint, as measured by the rate of carbon emissions from Scopes 1 & 2 and, partially, Scope 3 as a ratio of the workforce,**
 - **ethical (12%): 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,**
 - **social (6%): improved gender balance in executive bodies and in senior positions of responsibility, as measured by the proportion of women top executives.**

For each of these three non-financial objectives, the Board of Directors, further to the approval of the Appointments, Remuneration and CSR Committee, validates 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.

The target and trigger levels are set so as to be demanding and consistent in terms of both the Group's historical 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 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.

3.5.1.3.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 a 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 was 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 15 February 2023, on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided to continue with the "vested benefits" supplementary pension plan which was set up for the last two previous fiscal years, in accordance with the 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 22 April 2022, 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) paid during the year, 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 a 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.

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 extraordinary remuneration awards and payments are determined in accordance with best corporate governance practices.

Any extraordinary remuneration 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.

3.5.2 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2022 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.

In application of the Afep-Medef Corporate Governance Code, the Company's executive corporate officers are:

► **Arnaud Lagardère, Chairman and Chief Executive Officer,** and

► **Pierre Leroy, Deputy Chief Executive Officer.**

At its meeting on 14 March 2022, on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided on the remuneration policies for the Company's executive corporate officers for 2022, which were approved by the General Meeting of 22 April 2022, by **98.10%** of votes cast for the 2022 remuneration policy for the Chairman and Chief Executive Officer and by **98.09%** of votes cast for the 2022 remuneration policy for the Deputy Chief Executive Officer.

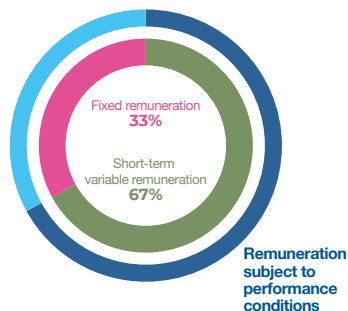
These remuneration policies were established with the assistance of an external firm, which analysed the remuneration level of the Company's executive corporate officers based on the market, resulting in the following changes:

- increase in the benchmark and maximum amounts applicable to the annual variable remuneration of the Chairman and Chief Executive Office, from **123% and 150% of the fixed remuneration** respectively, to **125% and 200% of the fixed remuneration**,
- 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 weighting of financial and non-financial criteria**,
- **adjustment of one financial criterion applicable to the performance share plans, in order to take into account the exceptional context of the public tender offer** initiated by Vivendi SE; this adjustment only applies to the Deputy Chief Executive Officer.

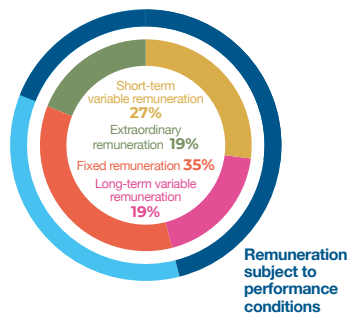
For more information on the 2022 remuneration policy for Arnaud Lagardère and Pierre Leroy, please refer to section 2.5 of the 2021 Universal Registration Document.

3.5.2.1 COMPONENTS OF REMUNERATION PAID OR ALLOCATED

Arnaud Lagardère - Chairman and Chief Executive Officer
Structure of 2022 remuneration
(based on the remuneration policy approved by the General Meeting of 22 April 2022)



Pierre Leroy - Deputy Chief Executive Officer
Structure of 2022 remuneration
(based on the remuneration policy approved by the General Meeting of 22 April 2022)



A) ANNUAL FIXED REMUNERATION

The remuneration policies approved for 2022 did not modify the fixed remuneration amounts for the two executive corporate officers, which have therefore remained unchanged for more than a decade.

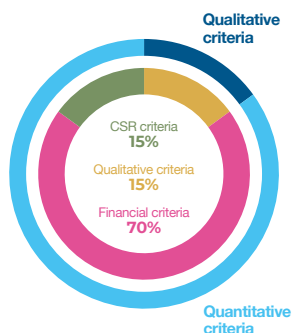
Consequently:

Arnaud Lagardère, Chairman and Chief Executive Officer, received **€1,140,729** in **annual fixed remuneration**,

Pierre Leroy, Deputy Chief Executive Officer, received **€1,474,000** in **annual fixed remuneration**.

B) ANNUAL VARIABLE REMUNERATION

Structure of 2022 annual variable remuneration for the executive corporate officers



Annual variable remuneration paid during 2022

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 executive corporate officers in respect of 2021 was only paid in 2022, following approval of the shareholders at the General Meeting of 22 April 2022 (under the seventh and eighth resolutions, each approved by more than 99% of votes cast).

The maximum amounts of variable remuneration were awarded in respect of 2021 and paid in 2022, i.e.:

- for **Arnaud Lagardère**: €1,711,094,
- for **Pierre Leroy**: €1,105,500,
- for **Thierry Funck-Brentano**: €452,250⁽¹⁾.

Annual variable remuneration allocated in respect of 2022

At its meeting on 15 February 2023, and on the advice of the Appointments, Remuneration and CSR Committee meeting of 31 January 2023, the Board of Directors analysed the level of performance achieved versus the various criteria underlying the annual variable remuneration of two of the executive corporate officers for 2022.

Quantitative portion of annual variable remuneration

Financial criteria

For 2022, the two 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**. These criteria each accounted for 35% of the benchmark amount for each officer, representing, for each criterion, **€499,100** of the benchmark amount (€1,426,000) for Arnaud Lagardère and €210,000 of the benchmark amount (€600,000) for Pierre Leroy.

For each of these three criteria:

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

At its meeting of 15 February 2023, the Board of Directors noted that each of the two financial criteria had exceeded the "target objectives" set in accordance with the budget approved by the Board of Directors in February 2022, due to the exceptional performance of the two divisions, especially Lagardère Travel Retail, boosted by the much faster-than-anticipated recovery in air traffic.

Based on the achievement rates observed and validated by the Board of Directors at its meeting on 15 February 2023, the **amounts of the quantitative financial variable portions alone equal the maximum amounts set for the overall annual variable remuneration**, i.e.:

- **€2,281,458 for Arnaud Lagardère (200% of his fixed remuneration)** (1,140,729 x 2),
- **€1,105,500 for Pierre Leroy (75% of his fixed remuneration)** (1,474,000 x 0.75).

Non-financial CSR criteria

The 2022 remuneration policy for the executive corporate officers included three quantifiable non-financial CSR criteria representing 30% of the benchmark amount of the two executives and allocated evenly based on the Group's priority CSR commitments. The portion of the benchmark amounts applicable to these three non-financial criteria corresponded to **€213,900 for Arnaud Lagardère** and **€90,000 for Pierre Leroy**.

For each of the three criteria, trigger level and target level objectives were approved by the Board of Directors, on the recommendation of the Appointments, Remuneration and Governance Committee, at its meeting on 14 March 2022.

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 was awarded,

(1) Thierry Funck-Brentano, former Co-Managing Partner of the Company under its previous legal form as a partnership limited by shares, was paid annual variable remuneration of €452,250 in 2022 in respect of 2021, covering the period from 1 January to 30 June 2021, the date on which his duties as Co-Managing Partner were terminated.

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

At its meeting on 15 February 2023, and on the advice of the Appointments, Remuneration and CSR Committee, the Board of Directors noted that for 2022, applying the non-financial CSR criteria

Criteria	Trigger level	Target performance level	Level achieved	Achievement rate
Scopes 1 & 2 and, partially, Scope 3 carbon emissions	5.26	5.06	4.24	1.50
Proportion of women top executives	44%	45%	45%	1.25
EcoVadis assessment(% of expenditure with suppliers presenting high CSR risks)	31%	43%	50%	1.50
Average				1.417

The first criterion, carbon emissions reduction, is a benchmark indicator for controlling the environmental impacts of operations, which represents an essential global objective for any company with a consistent CSR strategy. The criterion used covers Scopes 1 & 2 greenhouse gas emissions, i.e., direct emissions from owned or controlled sources (from stationary combustion sources using gas and fuel oil for example) and indirect emissions from the generation of purchased energy (such as electricity and district heating), for all of the Group's offices, points of sale, warehouses, live performance venues and other sites out of which it operates. Greenhouse gas emissions covered partially by Scope 3 are other indirect emissions related to business travel and commuting of Group employees). These emissions correspond to elements over which the Group has operational leverage on Scopes 1 & 2 and objectives to be achieved regarding Scope 3, and on which it therefore focuses as part of its CSR strategy. **At its meeting on 15 February 2023, the Board of Directors noted the outperformance of this criterion (4.24) versus the target (5.06), achieved ahead of the Group's 2024 target date.**

The second criterion – concerning the proportion of women top executives – 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 ambitious target of 45% by the end of 2021 was set under the executive body gender balance policy approved by the Board for 2024. **At its meeting on 15 February 2023, the Board of Directors noted that the objective of 45% of female executive managers had been achieved ahead of the 2024 target.**

The third criterion, the proportion of expenditure with suppliers presenting high CSR risks as assessed by EcoVadis, is also a key indicator for the Group's performance, specifically relating to the Group's governance and ethics within the CSR strategy.

This criterion, created in 2021, resulted from the CSR risk mapping of suppliers, implemented in 2017, as part of the duty of care. "Expenditure with suppliers presenting high CSR risks" means a supplier with a risk rating higher than or equal to 4.5 on a scale of 6 based on the analysis and conclusions of the CSR risk mapping of suppliers established by each Group subsidiary. Based on this indicator, the Group analyses the proportion of spending on suppliers presenting a high CSR risk, which is subject to non-financial reporting that is audited by an independent third-party as part of

led to the application of a coefficient of 1.417 (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: €303,096.30** ($\text{€213,900} \times 1.417$),
- for **Pierre Leroy: €127,530** ($\text{€90,000} \times 1.417$).

However, the Board of Directors decided that these quantitative CSR variable portions would only serve as "theoretical" amounts, as the maximum annual variable remuneration has been reached based on the outperformance of the financial criteria alone.

the preparation of the non-financial statement. **At its meeting of 15 February 2023, the Board of Directors placed on record that the performance on this criterion, i.e., 50%, had exceeded the target level of 43%.**

Qualitative portion of annual variable remuneration

The variable remuneration of the two executive corporate officers also includes a qualitative portion, representing 15% of the annual variable remuneration, based on two specific priority targets, each with equal weighting.

The portion of the benchmark amounts applicable to these two criteria corresponds to **€213,900 for Arnaud Lagardère** and **€90,000 for Pierre Leroy**, covering the following objectives:

- rollout of the Group's strategic plan (7.5%),
- quality of governance and management (7.5%).

At its meeting on 15 February 2023, 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 2022, 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 2022 and 2021), resulting in a qualitative variable portion equal to:

- for **Arnaud Lagardère: €267,375** ($\text{€213,900} \times 1.25$),
- for **Pierre Leroy: €112,500** ($\text{€90,000} \times 1.25$).

However, the Board of Directors decided that these qualitative variable amounts would only serve as "theoretical" amounts, as the maximum annual variable remuneration has been reached based on the outperformance of the financial criteria alone.

Rollout of the Group's strategic plan

In 2022, in an environment characterised by economic uncertainties, rising inflationary pressures and geopolitical tensions following the invasion of Ukraine by Russia, as well as the health crisis with China maintaining its zero-Covid policy, General Management continued its efforts to control costs across the Group, revenue optimisation and cash management. General Management monitored and adapted its strategic roadmap based on the development of the Group's operations and the external events mentioned above, resulting in the continued (i) implementation of an ambitious operating

performance plan for Lagardère Travel Retail with a focus on development opportunities and (ii) strengthening of the market positions of Lagardère Publishing, the Group's power engine and pillar of resilience.

In terms of investments in the two priority divisions, at Lagardère Publishing, Hachette UK acquired independent company Welbeck Publishing Group based in the United Kingdom, and Paperblanks, which positions it in the growing premium stationary market, and is consistent with its long-term strategic objective to acquire strategically complementary businesses while continuing to diversify and internationalise. Hachette Livre entered into an agreement with the majority shareholder of Bragelonne, a publisher of genre fiction, to acquire the remaining share capital of Bragelonne and Bragelonne Games that it did not yet own. This acquisition will strengthen Hachette Livre's position in very dynamic publishing segments.

Lagardère Travel Retail signed an agreement for the acquisition of a majority stake in Creative Table Holdings Ltd, a foodservice operator at Dubai airport, which allows the division to benefit from a foothold in one of the world's most renowned airport hubs and opens up new development prospects in Dubai. In addition, the division consolidated its Foodservice operation with the acquisition of Marché International and its multi-brand portfolio enabling it to strengthen its European network and diversify its operations in Singapore by adding Foodservice to the existing Travel Essentials and Duty Free & Fashion operations. Following a tender process, Lagardère Travel Retail was selected by ADP group as its partner in the future Extimé Duty Free joint venture (formerly SDA), prolonging the business collaboration

between two groups, with Lagardère Travel Retail set to operate nearly 150 Duty Free & Fashion stores at Paris airports over the next ten years.

In line with its active and prudent financing policy, the Company studied various financing plans, including a proposed bond issue, and extended the maturity of its borrowings in 2022 by concluding an amendment to its syndicated credit facility with its partner banks, reflecting market confidence in the Group's solid financial profile.

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 publication of an anti-corruption Code of Conduct in various languages. General Management also ensured the continuation of the work initiated in 2021 with the implementation of anti-corruption accounting controls in the Group's most sensitive entities.

General Management was heavily mobilised in monitoring the Group's restructuring projects, including the infrastructure transformation and upgrade plans at Hachette Livre, and the reorganisation project for the Group's radio unit.

Summary of variable remuneration allocated to the executive corporate officers in respect of 2022

The application of the quantitative and qualitative criteria described above led to the allocation in respect of 2022 of the following variable remuneration, which will be paid in 2023 subject to the approval of the Annual General Meeting to be held on 18 April 2023.

	Weighting (% of benchmark amount)	Benchmark amount (in €)	Maximum amount (% of fixed remuneration)	Achievement rate applied to the benchmark amount	Theoretical amount of variable remuneration to be paid	Variable remuneration	
						Amounts payable (in €)	% of fixed remuneration
Arnaud Lagardère							
Quantitative financial criteria	70%	998,200		Above the cap	Above the cap	2,281,458	200%
Quantitative non- financial CSR criteria	15%	213,900		1.417	303,096	not paid	
Qualitative criteria	15%	213,900	30%	1.25	267,375	not paid	
Total	100%	1,426,000	200%		Above the cap	2,281,458	200%
Pierre Leroy							
Quantitative financial criteria	70%	420,000		Above the cap	Above the cap	1,105,500	75%
Quantitative non- financial CSR criteria	15%	90,000		1.417	127,530	not paid	
Qualitative criteria	15%	90,000	25%	1.25	112,500	not paid	
Total	100%	600,000	75%		Above the cap	1,105,500	75%

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 €85,413 for 2022, in accordance with the allocation rules described in section 3.6 below.

Pierre Leroy, Board Advisor, was not awarded any remuneration for his attendance at Board of Directors' and *ad hoc* Committee meetings in 2022.

D) PERFORMANCE SHARE AWARDS

On 14 March 2022, 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 35,000 rights to free shares, representing 0.025% of the total number of shares making up the Company's share capital and a carrying amount of €779,800 under IFRS (corresponding to 30.23% 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 15 March 2025, provided that Pierre Leroy is still an executive corporate officer of Lagardère SA at midnight on 14 March 2025 (the "presence condition").

Performance conditions to be met for the period from 2022 through 2024:

Weighting (% of shares allocated to the objective)		Criteria	Trigger level	Target performance level	Vesting proportions
70%	25%	Internal financial criterion ROCE (Return on capital employed) = operating profit/(equity + debt) in 2024	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%	Cumulative amount of free cash flow for the period 2022 to 2024			
	20%	Operating margin rate in 2024			
30%	10%	Non-financial CSR criteria Rate of expenditure with suppliers presenting high CSR risks as assessed by EcoVadis (or equivalent)	43%	67%	
	10%	Ratio of greenhouse gas emissions relative to the workforce	5.06	4.57	
	10%	Percentage of women top executives	45%	47%	

In line with the remuneration policy, the specific trigger and target levels for the three 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 2024 annual report, 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 2022.

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**.

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 2022, the estimated amounts of the future pension annuities were €686,490 for both Arnaud Lagardère and Pierre Leroy.

At its meeting on 17 December 2021, the Board of Directors decided to set up a new defined benefit plan with retroactive effect at 1 January 2020, 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 3.5 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, 2021 and 2022.

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 2022, the estimated amounts of the future pension annuities were **€70,608 for Arnaud Lagardère** and **€74,370 for Pierre Leroy**.

G) TERMINATION BENEFIT

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

However, as he is an employee of Lagardère Management, Pierre Leroy 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.

H) EXTRAORDINARY REMUNERATION

Arnaud Lagardère did not receive any extraordinary remuneration for 2022.

At its meeting of 15 February 2023, based on the recommendation of the Appointments, Remuneration and CSR Committee, and in compliance with the 2022 remuneration policy approved by the General Meeting of 22 April 2022, the Board of Directors decided to award Pierre Leroy, Deputy Chief Executive Officer, extraordinary remuneration for a gross amount of €800,000.

This extraordinary remuneration was awarded for his essential role in Vivendi SE's public tender offer for the Lagardère group (i) within Lagardère SA's governance bodies through his active participation in the work of the Board of Directors and *ad hoc* Committee which notably prepared the Board's reasoned opinion and Lagardère SA's draft note in response (*note en réponse*), (ii) with regard to the Group's employees, executives and employee representative bodies, to which he regularly reported on the difference stages of the process with the utmost transparency, and (iii) in terms of overseeing dealings with the competent authorities (competition authorities, French financial markets authority and the French audiovisual regulator).

This extraordinary remuneration, which will be paid provided it is approved by shareholders at the General Meeting of 18 April 2023, will represent 54.27% of Pierre Leroy's fixed remuneration.

3.5.2.2 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 no. 2021-02.

Arnaud Lagardère

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2021		Fiscal year 2022	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	1,140,729	1,140,729	1,140,729	1,140,729
Variable remuneration	1,711,094 ⁽¹⁾	393,750 ⁽¹⁾	2,281,458 ⁽¹⁾	1,711,094 ⁽¹⁾
Extraordinary remuneration	-	-	-	-
Remuneration allocated for offices held	22,319	-	85,413	22,319
Benefits in kind	17,364	18,616	17,364	17,364
Total	2,891,506	1,553,095	3,524,964	2,891,506

(1) 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 allocated		
	Fiscal year 2021	Fiscal year 2022
Remuneration allocated for the year (details in previous table)	2,891,506	3,524,964
Value of multi-annual variable remuneration allocated during the year	None	None
Value of share options allocated during the year	None	None
Value of performance share rights allocated during the year	None	None
Total	2,891,506	3,524,964

Pierre Leroy

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2021		Fiscal year 2022	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	1,474,000	1,474,000	1,474,000	1,474,000
Variable remuneration	1,105,500 ⁽¹⁾	362,500 ⁽¹⁾	1,105,500 ⁽¹⁾	1,105,500 ⁽¹⁾
Extraordinary remuneration	800,000	-	800,000	800,000
Remuneration allocated for offices held	-	-	-	-
Benefits in kind	16,219	16,281	16,219	16,219
Total	3,395,719	1,852,781	3,395,719	3,395,719

(1) 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 allocated during the year:** none.

► **Performance share rights allocated during the year:** 35,000.

► **Share options exercised during the year:** none.

Performance share rights allocated in 2021						
Authorisation of GM	Date of the plan	No. of share rights awarded	Carrying amount under IFRS	Vesting date	Date of availability	Performance conditions
30 June 2021	14 March 2022	35,000	€779,800	15 March 2025	15 March 2027 ⁽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 3.8.9 above.

► **Performance shares that became available during the year:** 5,856.

The mandatory holding period for the 11,712 performance shares which vested to Pierre Leroy on 7 April 2020 under the 6 May 2017 plan ended on 7 April 2022. 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:** 22,400.

Of the 32,000 performance shares granted to Pierre Leroy under the 14 May 2019 plan, 22,400 shares (i.e., 70%) vested on 16 May 2022, resulting from the application of the performance conditions provided for in the decision to award the shares.

Achievement of the objective relating to growth in Group recurring operating profit:

- average annual growth rate for Group recurring operating profit between 2019 and 2021: $(5.63\% + (-142.94\%) + 253.55\%) / 3 = +38.75\%$.

Achievement rate of objective = 100% (above the target level of 5%) for 40% of the shares allocated.

Achievement of the free cash flow objective

- Cumulative amount of free cash flow between 2019 and 2021: $(294 + (-256) + 456) = €494$ million.

Achievement rate of objective = 0% (below the trigger level of €613 million) for 20% of the shares awarded.

Achievement of the Total Shareholder Return (TSR) objective

- average annual TSR between 2019 and 2021: 5.9%.
- average annual TSR of the panel of 8 peer companies between 2019 and 2021: 4.4%.

Achievement rate of objective = 100% for 10% of the shares allocated.

- average annual TSR of the CAC Mid 60 between 2019 and 2021: 13.3%.

Achievement rate of objective = 0% for 10% of the shares allocated.

Achievement of the non-financial performance objective

- Total proportion of women top executives reached at end-2021: 54%.

Achievement rate of objective = 100% (above the target level of 45%) for 20% of the shares allocated.

Total achievement rate: 70%.

Total remuneration and benefits, share options and performance shares allocated		
	Fiscal year 2021	Fiscal year 2022
Remuneration allocated for the year (see previous table)	3,395,719	3,395,719
Value of multi-annual variable remuneration allocated for the year	None	None
Value of share options allocated during the year	None	None
Value of rights to performance shares allocated during the year	627,640	779,800
Total	4,023,359	4,175,519

Share options

Lagardère SA has not allocated any stock options since 2008, when it granted stock purchase options only. The most recent plan was implemented on 14 December 2008 and expired in 2016.

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	Plan 12
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	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	14 March 2022
Total number of free shares allocated^(**)	50,000	116,000	104,000	115,017	115,017	96,000	64,000	64,000	64,000	64,000	34,000	35,000
Of which allocated 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	35,000
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	15 March 2025
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	15 March 2027
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Number of shares vested at 28 February 2023	42,310	59,547	72,054	104,253	111,036	96,000	47,180	11,712	-	22,400	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	9,600	-	-
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	3,845	9,151	1,982	3,588	1,327	0	8,410	26,144	32,000	9,600	-	-
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 end 2022^(*)	-	-	-	-	-	-	-	-	-	-	34,000	35,000
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	-	-	-	-	-	-	-	-	-	-	34,000	35,000
Philippe Camus	-	-	-	-	-	-	-	-	-	-	-	-
Dominique D'Hinnin	-	-	-	-	-	-	-	-	-	-	-	-
Thierry Funck-Brentano	-	-	-	-	-	-	-	-	-	-	-	-

(*) 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 3.5.1.3.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		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	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 Deputy Chief Executive Officer of the Company.

(2) See sections 3.5.1.2.C B/3.5.2.1 F).

(3) See sections 3.5.1.3.C B) / 3.5.2.1 S).

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 fewer 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 27.2 of the Afep-Medef Code. **Accordingly, the scope covers 100% of the workforce in France.**

The tables below show the **remuneration paid during each year from 2018 to 2022** (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 2018 and 2019, the average delivery rate of shares to the Deputy Chief Executive Officer was 35%. 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 (recurring EBIT), determined based on the rules defined in the Group's market guideline, and
- ▶ net cash from operating activities of fully consolidated companies, which represents the cash generated by the Group's operations.

(ii) For 2021 and 2022:

- ▶ 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 the previous year, i.e., the year in respect of which they were assessed for the purpose of calculating the executive corporate officers' variable remuneration for the current year.

For 2022, the average remuneration is lower than in previous years, due to the departure of employees from the Company in 2022, which automatically lowers this average.

On the other hand, median remuneration in 2022 returned to the median level observed in 2018 and 2019, but remained above the last two years (2020 and 2021). This is because the gap in remuneration paid to Company employees has narrowed, notably through pay increases.

For 2022, the ratios between Arnaud Lagardère's remuneration and the Company's and Group's average and median remuneration are significantly higher than in the prior year. This is due to the annual variable remuneration awarded in 2021 and paid in 2022, which represented a substantial increase compared to 2021. This difference results from the fact that the annual variable remuneration reached the maximum amounts due to the outperformance of the financial criteria, whereas the Covid-19 health crisis had a significant impact on the remuneration paid in 2021, with nil variable remuneration.

For Arnaud Lagardère, the ratios obtained in 2022 reached their median level with the upward trend abruptly halted by the health crisis, which had an impact on the 2021 ratios.

However, the ratios obtained in 2022 for Pierre Leroy are markedly higher than the previous years. As in the case of Arnaud Lagardère, this increase is due to a significant rise in the amount of annual variable remuneration awarded in 2021 and paid in 2022 and also to a lesser extent, to the greater number of rights to free performance shares awarded to him in 2022 compared to the previous years.

Arnaud Lagardère

	2018	2019	2020	2021	2022
Remuneration paid or allocated during the year (in €)	2,445,529	2,768,929	2,672,455	1,534,479	2,851,823
Average remuneration paid or allocated during the year to Company employees (in €)	328,974	352,018	277,431	299,002	245,902
Ratio versus the average remuneration of Company employees	7	8	10	5	12
Median remuneration paid or allocated during the year to Company employees (in €)	251,902	260,472	212,681	221,728	250,954
Ratio versus the median remuneration of Company employees	10	11	13	7	11
Average remuneration paid or allocated during the year to Group employees in France (in €)	56,468	56,098	52,338	52,301	53,941
Ratio versus the average remuneration of Group employees in France	43	49	51	29	53
Median remuneration paid or allocated during the year to Group employees in France ⁽¹⁾ (in €)	50,535	50,745	50,675	50,901	51,214
Ratio versus the median remuneration of Group employees in France ⁽¹⁾	48	55	53	30	56
Year-on-year increase in Group recurring operating profit of fully consolidated companies (in %)	+6.74	+2.14	+5.63	not applicable	not applicable
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	318.2	482.5	513.6	not applicable	not applicable
Recurring operating profit of fully consolidated companies in the prior year (in €m)	not applicable	not applicable	not applicable	(155)	238
Free cash flow in the prior year (in €m)	not applicable	not applicable	not applicable	(256)	456

⁽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. No free shares were awarded in 2020.

Pierre Leroy

	2018	2019	2020	2021	2022
Remuneration paid or allocated during the year (in €)	2,702,440 ^(*)	2,722,380 ^(*)	2,123,367	2,464,140 ^(*)	3,631,623 ^(*)
Average remuneration paid or allocated during the year to Company employees (in €)	328,974	352,018	277,431	299,002	245,902
Ratio versus the average remuneration of Company employees	8	8	8	8	15
Median remuneration paid or allocated during the year to Company employees (in €)	251,902	260,472	212,681	221,728	250,954
Ratio versus the median remuneration of Company employees	11	10	10	11	14
Average remuneration paid or allocated during the year to Group employees in France (in €)	56,468	56,098	52,338	52,301	53,941
Ratio versus the average remuneration of Group employees in France	48	49	41	47	67
Median remuneration paid or allocated during the year to Group employees in France ^(**) (in €)	50,535	50,745	50,675	50,901	51,214
Ratio versus the median remuneration of Group employees in France ^(**)	42	43	42	36	56
Year-on-year increase in Group recurring operating profit of fully consolidated companies (in %)	+6.74	+2.14	+5.63	not applicable	not applicable
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	318.2	482.5	513.6	not applicable	not applicable
Recurring operating profit of fully consolidated companies in the prior year (in €m)	not applicable	not applicable	not applicable	(155)	238
Free cash flow in the prior year (in €m)	not applicable	not applicable	not applicable	(256)	456

(*) 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.

3.5.2.3 APPROVAL OF THE COMPONENTS OF REMUNERATION PAID DURING OR ALLOCATED IN RESPECT OF 2022 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 2022 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 18 April 2023.

These components, which are described in detail in the preceding sections, are summarised below in the format recommended in the Afeq-Medef Code.

Arnaud Lagardère

Components of remuneration put to the shareholders' vote	Amounts paid in 2022	Amounts allocated in respect of 2022 (or accounting values)	Presentation
Annual fixed remuneration	€1,140,729	€1,140,729	► The amount of gross fixed remuneration awarded in 2022 has remained unchanged since 2009.
Annual variable remuneration	€1,711,094 (amount allocated in respect of 2021, approved by 99.60% of votes cast at the 22 April 2022 Annual General Meeting – 7 th resolution)	€2,281,458	► Arnaud Lagardère's annual variable remuneration includes: – a portion based on quantitative criteria, as follows: • financial criteria (70% weighting) related to the Group's performance in 2022 (recurring operating profit of fully consolidated companies and free cash flow) (see section 3.5.2.1 of this Universal Registration Document), • non-financial CSR criteria (15% weighting) related to the Group's performance in 2022 with regard to its priority commitments under its corporate social responsibility policy (proportion of women top executives, carbon emissions and EcoVadis assessment) (see section 3.5.2.1 of this Universal Registration Document). – a qualitative portion (15% weighting), 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 3.5.2.1 of the Universal Registration Document). ► Arnaud Lagardère's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €1,212,100 and (ii) a "qualitative portion" benchmark amount of €213,900, representing an overall benchmark amount of €1,426,000. Consequently, 85% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 15% on qualitative criteria. ► Arnaud Lagardère's annual variable remuneration may not exceed 200% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 30% of his annual fixed remuneration. ► In light of the achievement rates attained in 2022, Arnaud Lagardère's annual variable remuneration was capped at 200% 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 2022.
Remuneration for offices held	€22,319	€85,413	► This amount due to Arnaud Lagardère for 2022 corresponds to the remuneration for his duties as Chairman of the Board of Directors during the year, and as member of the <i>ad hoc</i> Committee (until September 2022), i.e., 3.56 portions combined with an attendance rate of 100%.
Benefits in kind	N/A	€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.

Components of remuneration put to the shareholders' vote	Amounts paid in 2022	Amounts allocated in respect of 2022 (or accounting values)	Presentation
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 could not 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 2022, 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 20.06% of his total gross remuneration (fixed and variable) paid in 2022. ► No benefits were due or paid to Arnaud Lagardère under this plan for 2022. ► A "vested benefits" supplementary pension plan set up in 2021 in accordance with the legal framework introduced by article L. 137-11-2 of the French Social Security Code, with retroactive effect at 1 January 2020, was renewed in 2022. This individual plan is "portable", in that the accumulated benefits are vested and will be carried over even in case of a change of employer. Under this plan, the supplementary pension benefits vest to Arnaud Lagardère 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 financial and non-financial targets used to determine the annual variable remuneration. ► As the performance conditions were met in 2022, the rights vested to Arnaud Lagardère represented 1.25% for 2022. ► At 31 December 2022, the estimated amount of Arnaud Lagardère's future gross annual annuity was €70,608, including a gross amount of €25,710 for 2022 (see section 3.5.2.1 F). ► No benefits were paid to Arnaud Lagardère under this plan for 2022.

Pierre Leroy

Components of remuneration put to the shareholders' vote	Amounts paid in 2022	Amounts allocated in respect of 2022 (or accounting values)	Presentation
Annual fixed remuneration	€1,474,000	€1,474,000	► The amount of gross fixed remuneration awarded in 2022 has remained unchanged since 2011.
Annual variable remuneration	€1,105,500 (amount allocated in respect of 2021, approved by 99.53% at the 22 April 2022 Annual General Meeting – 8 th resolution)	€1,105,500	► Pierre Leroy's annual variable remuneration includes: – a portion based on quantitative criteria, as follows: • financial criteria (70% weighting) related to the Group's performance in 2022 (recurring operating profit of fully consolidated companies and free cash flow) (see section 3.5.2.1 of this Universal Registration Document), • non-financial CSR criteria (15% weighting) related to the Group's performance in 2022 with regard to its priority commitments under its corporate social responsibility policy (proportion of women top executives, carbon emissions and EcoVadis assessment) (see section 3.5.2.1 of this Universal Registration Document). – a qualitative portion (15% weighting), 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 3.5.2.1 of the Universal Registration Document). ► Pierre Leroy's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €510,000 and (ii) a "qualitative portion" benchmark amount of €90,000, representing an overall benchmark amount of €600,000. Consequently, 85% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 15% 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 2022, 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.

Components of remuneration put to the shareholders' vote	Amounts paid in 2022	Amounts allocated in respect of 2022 (or accounting values)	Presentation
Share options, performance shares and other grants of securities	N/A	€779,800	▶ In 2022, Pierre Leroy was awarded 35,000 rights to performance shares, representing 0.025% of the Company's share capital. ▶ These performance shares will vest after two years, in 2025, 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 2022-2024 (the "Reference Period"): - for 25% of the shares allocated: 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, - for 25% of the shares allocated: 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, - for 20% of the shares allocated: achievement of an operating margin rate in the last year of the Reference Period, with trigger and target amounts set by the Board of Directors, - for 30% of the shares allocated: three non-financial objectives linked to the Group's priority commitments, with (i) 10% of the shares contingent on the achievement of a 67% rate of expenditure with suppliers presenting high CSR risks (as determined based on EcoVadis assessments or the equivalent and divided by total expenditure relating to suppliers presenting high CSR risks), with the trigger level at 43%, (ii) 10% of the shares contingent on the achievement rate of greenhouse gas emissions per employee (Scopes 1 & 2, and, partially, Scope 3) of 4.57, with the trigger level at 5.06 and (iii) 10% of the shares contingent on the achievement by the end of 2024 of 47% of women top executives, with the trigger level at 45%. ▶ For each of these six conditions, 100% of the shares contingent on the condition concerned will vest if the target level is achieved or exceeded, 0% of the shares contingent on the condition concerned will not vest if the trigger level is not achieved and between 0% and 100% of the shares will vest on a straight-line basis if the achievement is between the trigger level and the target level. ▶ 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 14 March 2022 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 2022 and was not granted any securities other than the above-described performance shares.

Components of remuneration put to the shareholders' vote	Amounts paid in 2022	Amounts allocated in respect of 2022 (or accounting values)	Presentation
Extraordinary remuneration	€800,000	€800,000	► The Board of Directors awarded Pierre Leroy extraordinary remuneration for 2022 in a gross amount of €800,000, in recognition of his essential role in Vivendi SE's public tender offer for the Lagardère group (i) within Lagardère SA's governing bodies through his active participation in the work of the Board of Directors and the <i>ad hoc</i> Committee, (ii) with regard to the Group's employees, executives and employee representative bodies, to which he regularly reported on the different stages of the process with the utmost transparency, and (iii) in terms of overseeing dealings with the competent authorities, i.e., the competition authorities, the French financial markets authority and the French audiovisual regulator (see section 3.5.2.1 H of this Universal Registration Document).
Remuneration for offices held	N/A	N/A	► Pierre Leroy was not allocated and was not paid any remuneration in his capacity as a Board Advisor in 2022.
Benefits in kind	N/A	€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.

Components of remuneration put to the shareholders' vote	Amounts paid in 2022	Amounts allocated in respect of 2022 (or accounting values)	Presentation
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 could not 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 2022, 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 26.61% of his total gross remuneration (fixed and variable) paid in 2022 (see section 3.5.2.1 F). ► No benefits were due or paid to Pierre Leroy under this plan for 2022. ► A "vested benefits" supplementary pension plan set up in 2021 in accordance with the legal framework introduced by article L. 137-11-2 of the French Social Security Code, with retroactive effect at 1 January 2020, was renewed in 2022. This individual plan is "portable", in that the accumulated benefits are vested and will be carried over even in case of a change of employer. Under this plan, the supplementary pension benefits vest to Pierre Leroy 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 financial and non-financial targets used to determine the annual variable remuneration. ► As the performance conditions were met in 2022, benefits vested by Pierre Leroy represented 1.25% for 2022. ► At 31 December 2022, the estimated amount of Pierre Leroy's future gross annual annuity was €74,370, including a gross amount of €25,710 for 2022. ► No benefits were paid to Pierre Leroy under this plan for 2022.

3.6 REMUNERATION AND BENEFITS OF THE MEMBERS OF THE BOARD OF DIRECTORS

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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 policy for the members of the Company's Board of Directors for 2023**

and (ii) **the components of the total remuneration and benefits paid during or allocated in respect of 2022** to Board members.

These remuneration policies and components will be submitted for shareholder approval at the Annual General Meeting to be held on 18 April 2023.

3.6.1 2023 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.

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

As part of its role of making recommendations to the Board of Directors on the remuneration of corporate officers, in 2021, the Appointments, Remuneration and CSR Committee reviewed the remuneration policy applicable to executive officers to ensure that it is in line with the rules of good governance (Afp-Medef Code, French financial markets authority and French corporate governance council [HCGE] recommendations on governance, voting policies of proxy advisory firms, etc.) as well as with observed market practices.

At its meeting on 15 February 2023, on the recommendation of the Appointments, Remuneration and CSR Committee, the Board of Directors decided to maintain the overall annual amount of fees allocated to members of the Board of Directors of €997,500, and to keep the same allocation criteria for these fees.

The allocation criteria for this remuneration, applicable since 2022, are set out below. These rules apply to all members of the Board of Directors, including the members representing Group employees:

- each member of the **Board of Directors** is entitled to **one basic portion**,
- each member of the **Audit Committee** is entitled to **two additional portions**,
- each member of the **Appointments, Remuneration and CSR Committee** is entitled to **two additional portions**,
- each member of the **ad hoc Committee** is entitled to **two additional portions**,
- the **Chairs** of the Board and the committees (excluding the *ad hoc* Committee) are entitled to **one 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.

60% 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 Afp-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 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.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

3.6.2 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2022 TO MEMBERS OF THE BOARD OF DIRECTORS

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.

The allocation criteria for the members' remuneration applicable in 2021 (paid in 2022) were different from those set out in the remuneration policy described above.

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. From 30 June to 31 December 2021, it operated in the form of a joint-stock company with a Board of Directors.

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 of approximately €700,000, was divided into two to remunerate the Board of Directors as from 30 June 2021 until 31 December 2021.

The allocation criteria of this remuneration for 2021 are described in section 2.6.2.1 of the 2021 Universal Registration Document.

In 2022 and pursuant to the allocation criteria set out in the 2023 remuneration policy described above, identical to that of 2022, the members of the Board of Directors received the following remuneration:

(in €)	Paid in 2022 in respect of 2021 ⁽¹⁾⁽³⁾	Paid in 2023 in respect of 2022
Virginie Banet	69,746.38	144,134.17
Valérie Bernis	38,043.48	120,111.81
Laura Carrere	31,702.90	72,067.09
Fatima Fikree	38,043.48	65,581.05
Marie Flavion	N/A	3,431.77
Noëlle Genaivre	12,681.16	60,627.87
Pascal Jouen	12,681.16	72,067.09
Arnaud Lagardère	22,318.84	85,412.84
Véronique Morali	69,746.38	192,178.90
Joseph Oughourlian	7,608.70	N/A
Arnaud de Puylfontaine	12,681.16	24,022.36
René Ricol	N/A	30,238.08
Nicolas Sarkozy	27,898.55	115,993.90
Total⁽²⁾	343,152.19	985,866.93

(1) In light of the conversion of the Company into a French joint-stock company (*société anonyme*), the members of the Board of Directors held office only in the second half of 2021.

(2) Gross amounts before social security and tax deductions for French residents.

(3) In 2022, Patrick Valroff was paid a gross amount of €73,387.10 in respect of his duties as Chairman of the Company's Supervisory Board during the first half of 2021, further to the approval of the shareholders at the General Meeting of 22 April 2022 (tenth resolution, adopted with more than 99% of votes cast).

3.7 TRANSACTIONS WITH RELATED PARTIES (MEMBERS OF THE BOARD OF DIRECTORS)

AFR

3.7.1 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 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 executives' 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, which was originally entered into in 1988. Since 2020, this agreement has concerned Lagardère Management and Lagardère Ressources, which is responsible for managing all of the Group's corporate resources. This agreement, subject to rules on "regulated" related-party agreements where appropriate, is reviewed annually by the Audit Committee and by the Board of Directors and is also referred to in the Statutory Auditors' special report.

Since the 2004 amendment to the agreement authorised by the Supervisory Board on 12 March 2004 following Audit Committee review, remuneration under the Service Agreement had equalled the amount of expenses incurred in carrying out its mission, plus a margin of 10%, capped in absolute value terms at €1 million.

Pursuant to an amendment signed on 28 December 2022 after authorisation by the Board of Directors on 9 December 2022, Lagardère Management's remuneration under the Service Agreement was amended with immediate effect from 2022. Under the new amendment, Lagardère Management's remuneration reflects the expenses it incurs in performing the services concerned, with no margin applied.

The expenses incurred by Lagardère Management are reviewed each year by the Audit Committee. 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.

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 the expenses (around 92% in 2022), 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 Afp-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 5.6% of the expenses in 2022) 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 their use. 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 2.4% of the expenses in 2022) includes miscellaneous other expenses incurred in connection with conducting its engagement. 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.).

In 2022, invoicing to the Group in respect of the Service Agreement amounted to €34.23 million, further to review by the Audit Committee on 14 February 2023 and by the Board of Directors at its meeting of 15 February 2023, versus €24.74 million in 2021. Total payroll costs recognised amounted to €31.51 million versus €21.96 million in 2021. 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 2023 General Meeting for approval in accordance with "say-on-pay" legislation. The significant increase in total payroll costs compared to 2021 is due to the departure of a member of the Group Executive Committee, which gave rise to the payment of contractual severance on the termination of his contract in 2022 (€17 million, including payroll taxes).

In light of the other expenses set out above (work environmental costs invoiced by the Lagardère group that remained stable at €1.9 million and other miscellaneous fees in an amount of €0.77 million, also stable versus 2021), total payroll costs amounted to €34.23 million versus €24.74 million in 2021.

As described above, pursuant to the amendment entered into on 28 December 2022, and authorised by the Board of Directors on 9 December 2022, the annual contractual margin of 10% capped at €1 million and applied since 2004 was not applied in 2022.

The amendment also provides for (i) the definitive and unconditional waiver by Lagardère Management of its claim against the Lagardère group for the payment of sums due under the conditional benefit pension plan closed in 2019 and (ii) Lagardère Management's undertaking to use its best efforts to obtain the refund of and

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repay Lagardère Ressources any surplus sums that may remain in the pension plan's collective fund after having settled the pension benefits owed to the last beneficiary.

The Board of Directors decided that the signature of this amendment was in the Company's best interests insofar as it:

- terminates the contractual annual margin of 10%, capped at €1 million, with immediate effect from the 2022 fiscal year,

- terminates any potential exposure of the Lagardère group to the conditional benefit pension plan and provides for the repayment to Lagardère Ressources of any sums that could, in the future, be recovered by Lagardère Management under the pension plan.

The amendment will be submitted for shareholder approval at the Annual General Meeting to be held on 18 April 2023.

3.7.2 AGREEMENTS ENTERED INTO WITH MEMBERS OF THE BOARD OF DIRECTORS

None – see section 3.3.2.

3.7.3 OTHER TRANSACTIONS

The other transactions with related parties in 2022 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 2022, 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.

3.8 SHARE CAPITAL**AFR****3.8.1 AMOUNT AND CHANGES IN THE SHARE CAPITAL****3.8.1.1 AMOUNT**

At 31 December 2022, 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.

3.8.1.2 CHANGES IN THE SHARE CAPITAL OVER THE LAST FIVE YEARS

Years	Type of transaction	Number of shares	Nominal amount (in €)	Premium (in €)	Total share capital (in €)	Total number of shares
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 in the context of the award of shares to the General Partners in connection with the conversion of the Company into a joint-stock company	10,000,000	61,000,000		860,913,044.60	141,133,286
2022	Award of free shares to employees	308,570	1,882,277		862,795,321.60	141,441,856
	Capital reduction by cancelling shares	308,570	1,882,277		860,913,044.60	141,133,286
	Award of free shares to employees	150,670	919,087		861,832,131.60	141,283,956
	Capital reduction by cancelling shares	150,670	919,087		860,913,044.60	141,133,286
	Award of free shares to employees	159,859	975,139.90		861,888,184.50	141,293,145
	Capital reduction by cancelling shares	159,859	975,139.90		860,913,044.60	141,133,286
	Award of free shares to employees	93,200	568,520		861,481,564.60	141,226,486
	Capital reduction by cancelling shares	93,200	568,520		860,913,044.60	141,133,286

As shown in the above table, changes in the share capital over the last six years have primarily arisen from the vesting of free shares awarded to Group employees and the resulting share capital reductions by cancelling treasury shares.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

3.8.2 TREASURY SHARES

3.8.2.1 AMOUNT

At 31 December 2022, the Company directly held 451,768 of its own shares (par value: €6.10), representing 0.32% of the total share capital at that date. The total cost of these shares was €9,192,321.66, i.e., €20.35 per share.

Based on the average weighted market price of Lagardère SA's shares in December 2022 (€19.77 per share), the total carrying amount of treasury shares directly held by the Company was €8,931,788.96.

3.8.2.2 SHARE BUYBACK PROGRAMMES: SHARES ACQUIRED, SOLD, CANCELLED OR REALLOCATED

A) TRANSACTIONS CARRIED OUT IN 2022

In 2022, the Company used the authorisations given by the shareholders at the 30 June 2021 and 22 April 2022 Annual General Meetings to carry out the following transactions for the objectives defined in the 2021/2022 and 2022/2023 share buyback programmes:

1. Market liquidity transactions

On 17 June 2022, the Company terminated the liquidity agreement it had entered into with Kepler Cheuvreux on 7 October 2008, which had been suspended since 16 September 2021 – the start date of the pre-offer period for the Company's shares (AMF Notice 221C2405) – and was not resumed.

Upon closure of the liquidity account, the following assets were available and returned to the Company:

- ▶ 157,643 shares,
- ▶ €2,289,068.04.

On 30 September 2022, the Company entered into a new liquidity agreement with Exane, which took effect on 1 October 2022 for an initial period of three (3) months ending on 31 December 2022 and is automatically renewable thereafter for successive periods of twelve (12) months each year on 31 December.

For the implementation of the liquidity agreement, €1 million was allocated to the liquidity account.

During the last quarter of 2022, under its new liquidity agreement with Exane, the Company:

- ▶ purchased 41,933 shares for a total price of €774,462.88, representing an average per-share price of €18.47,
- ▶ sold 37,369 shares for a total price of €685,322.79, representing an average per-share price of €18.34.

In accordance with the applicable regulations, on 11 January 2023, the Company published the half-year liquidity agreement statement at 31 December 2022, which can be consulted on its website, at www.lagardere.com.

2. Award of shares to employees

The Company did not award any shares to employees in 2022.

3. Capital reduction

The Company cancelled 712,299 shares within the scope of four 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 712,299 shares from the "award of shares to employees" objective to the "capital reduction" objective.

B) POSITION AT 31 DECEMBER 2022

At the end of 2022, the 451,768 shares with a par value of €6.10 each directly held by the Company and representing 0.32% of the share capital were allocated as follows:

- ▶ 447,204 shares allocated to the "award of shares to employees" objective, representing 0.32% of the share capital, for a total cost of €9,103,181.46,
- ▶ 4,564 shares allocated to the "promotion of market liquidity" objective, representing 0.003% of the share capital, for a total cost of €89,140.10.

C) TRANSACTIONS CARRIED OUT UNDER THE AUTHORISATION GRANTED BY THE ANNUAL GENERAL MEETING OF 22 APRIL 2022

The Ordinary and Extraordinary General Meeting of 22 April 2022 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 12,953,825 shares, excluding treasury shares held directly by the Company as at 28 February 2022), 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 remit 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. 3331-1 *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, merger, demerger or asset contribution transactions,
- ▶ 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 22 April 2022 – superseded the authorisation given for the same purpose at the 30 June 2021 Annual General Meeting.

The corresponding share buyback programme was described in a notice issued on 18 May 2022 which is available on the Group's corporate website at www.lagardere.com.

Under this authorisation, the Company carried out the following transactions from 23 April 2022 to 28 February 2023:

1. Market liquidity transactions

Under the liquidity agreement referred to above, and specifically with reference to the period from 4 October 2022 (when the contract came into force) to 28 February 2023, the Company purchased 77,086 shares for a total price of €1,504,232, i.e., an average per-share price of €19.51, and sold 68,606 shares for a total price of €1,323,858 on the market, i.e., an average per-share price of €19.30.

2. Award of shares to employees

As part of the termination of the liquidity agreement with Kepler Cheuvreux, the Company received 157,643 shares, which it allocated to the "award of shares to employees" objective.

3. Capital reduction

The Company cancelled 253,059 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 ordinary shares and performance shares for Group employees and senior executives.

4. Partial reallocations for other uses

The Company reallocated 253,059 shares from the "award of shares to employees" objective to the "capital reduction" objective.

The Annual General Meeting of 18 April 2023 will be asked to renew this authorisation.

3.8.3 OTHER SECURITIES AND RIGHTS GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

3.8.3.1 MARKETABLE SECURITIES

None of the existing securities give or potentially give immediate or future access to the Company's share capital.

3.8.3.2 SHARE SUBSCRIPTION OPTIONS

At 31 December 2022, 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 2016.

3.8.3.3 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 2023 and 2025 as a result of free share awards made in 2019, 2021 and 2022 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 1,731,370 shares with a par value of €6.10 each, representing a maximum share capital dilution of 1.23% that will, in principle, be neutralised by cancelling an equivalent number of treasury shares, as has historically been the case. It should also be noted that no free share plans were awarded in 2020.

3.8.4 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 twenty-six-month period:

- ▶ 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.

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.

With a view to developing the Company's employee ownership, and to meet employees' initial expectations in this regard, the Board of Directors decided to extend free share and performance share plans to a larger number of employees.

In this respect, the Annual General Meeting of 22 April 2022 renewed in advance the authorisations to be granted to the Board of Directors in respect of free and performance share awards by increasing the annual ceiling for such awards from 0.8% to 1.6% per calendar year. Accordingly, the Board of Directors is authorised:

- ▶ 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 1.6% 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 (unchanged), for each executive corporate officer, of 0.025% of the total number of shares making up the share capital.

These two authorisations – which were given for periods of 38 months as from 22 April 2022 – superseded the authorisations given for the same purpose at the 30 June 2021 Annual General Meeting.

In 2022, 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 and 22 April 2022 Annual General Meetings

Type of authorisation	Term	Description	Utilisations
Annual General Meeting of 22 April 2022			
Free share awards	38 months		A free share plan and a performance share plan were set up by the Board of Directors on 14 March 2022 covering a total of 806,800 free shares and performance shares representing 0.57% of the share capital, for 408 beneficiaries ⁽¹⁾ .
Free shares (17 th resolution)		▶ 0.8% of the share capital per year ▶ Maximum nominal amount: approx. €6.9 million/year	
Performance shares (excluding ECOs ⁽²⁾) (16 th resolution)		▶ 0.8% of the share capital per year ▶ Maximum nominal amount: approx. €6.9 million/year	
ECO performance shares (16 th resolution)		▶ 0.025%/year/ECO ▶ Maximum nominal amount: approx. €0.2 million/year/ECO	
Annual General Meeting of 30 June 2021			
Capital increases	26 months	Overall ceiling (maximum nominal amount) of debt securities: €1,500 million	
Capital increases with pre-emptive subscription rights ⁽³⁾ (32 nd 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	None
Capital increases without pre-emptive subscription rights ⁽³⁾ :		Overall ceiling (excluding issues with priority rights): €80 million	
▶ Public offers with a priority right (33 rd 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%	None
▶ Public offers without a priority right (34 th resolution)		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Maximum discount of 5%	None
▶ Private placements governed by article L. 411-2 1° of the French Monetary and Financial Code		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Maximum discount of 5%	None
▶ Public exchange offers		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million	None
▶ Contributions in kind		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million	None
Greenshoe option ⁽³⁾ (36 th resolution)		▶ Issue of additional securities subject to the ceilings applicable to the original issue and not exceeding 15% of the original issue amount	None
Capital increases by capitalising reserves, profit and/or share premiums (39 th resolution)		▶ Maximum nominal amount: €300 million ▶ Rights to fractions of shares neither transferable nor tradable	None
Issue of securities for employees who are members of a corporate savings scheme (40 th 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	None

(1) Of which 393,400 free shares for 368 beneficiaries and 413,400 performance shares for 40 beneficiaries.

(2) ECOs: Executive corporate officers of Lagardère SA.

(3) 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).

3.8.5 PLEDGES OF COMPANY SHARES

3.8.5.1 PLEDGES OF REGISTERED SHARES OF THE COMPANY AT 31 DECEMBER 2022

- ▶ Number of shareholders: 39.
- ▶ Number of shares: 10,926,867 (7.74% of the share capital).

3.8.5.2 PLEDGES OF COMPANY SHARES REGISTERED IN THE NAMES OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF THE SHARE CAPITAL AT 31 DECEMBER 2022

- ▶ A total of 10,105,664 shares belonging to Lagardère Capital (formerly Lagardère Capital & Management), representing 7.16% of the share capital, are pledged to BNP Paribas under a financial instruments pledge agreement dated 19 April 2022, until reimbursement of the debt for which they serve as guarantee.
- ▶ A total of 808,453 shares belonging to Arjil Commandité-Arco, a company controlled by Arnaud Lagardère, representing 0.57% of the share capital, are pledged to BNP Paribas under a financial instruments pledge agreement dated 7 November 2022, until reimbursement of the debt for which they serve as guarantee.

3.8.6 STOCK MARKET INFORMATION

3.8.6.1 GENERAL INFORMATION

- ▶ Number of shares making up the share capital at 31 December 2022: 141,133,286
- ▶ Number of shares listed at 31 December 2022: 141,133,286
- ▶ Listed on: Euronext Paris
- ▶ Compartment A
- ▶ Ticker symbol: MMB
- ▶ ISIN: FR0000130213

3.8.6.2 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 €m)
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
2022	140,433,023	0.50	None	0.50	70.217

(*) In light of the challenges of solidarity and corporate responsibility resulting from the unprecedented crisis linked to the Covid-19 pandemic, the Managing Partners of the then-partnership limited by shares, 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.

Trading volumes and changes in the Lagardère SA share price (source: Euronext Paris)

	High for month (in €)	Date of high	Low for month (in €)	Date of low	Closing price (in €)	Average opening price (in €)	Average closing price (in €)	Number of shares traded	Total amount traded (in €m)	Number of trading days
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	5 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
March	25.48	14 March	24.84	7 March	25.34	25.33	25.33	3,292,043	83.25	23
April	25.54	13 April	24.92	25 April	24.96	25.28	25.28	2,194,306	55.51	19
May	25.12	27 May	24.76	25 May	25.00	24.97	24.98	1,744,917	43.59	22
June	25.06	1 June	16.25	30 June	16.41	21.85	21.29	1,682,902	34.11	22
July	19.27	27 July	16.30	1 July	18.31	17.54	17.59	508,246	8.94	21
August	19.30	1 Aug.	15.50	25 Aug.	16.00	17.37	17.15	536,890	9.06	23
September	16.70	6 Sept.	13.43	16 Sept.	15.16	15.33	15.22	1,261,347	18.54	22
October	17.69	31 Oct.	15.04	5 Oct.	17.69	16.24	16.34	253,384	4.15	21
November	20.12	30 Nov.	16.88	3 Nov.	19.21	18.57	18.66	324,619	6.10	22
December	20.62	13 Dec.	18.82	16 Dec.	20.04	19.74	19.79	413,057	8.06	21
2023										
January	21.34	24 Jan.	19.99	6 Jan.	20.44	20.71	20.71	242,813	5.04	22
February	22.42	16 Feb.	20.04	13 Feb.	21.44	20.97	20.99	202,896	4.30	20

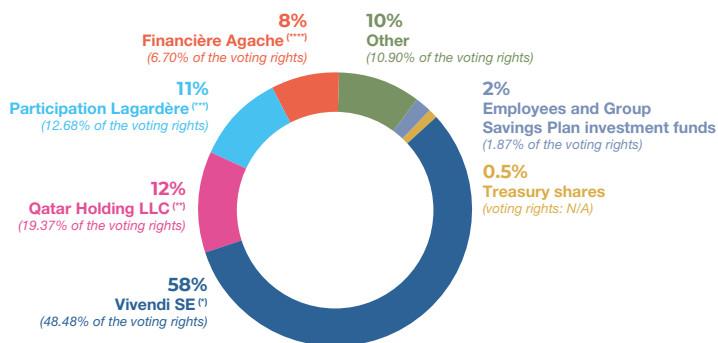
3.8.7 OPTIONS GRANTED TO THIRD PARTIES ON SHARES MAKING UP THE SHARE CAPITAL OF CERTAIN GROUP COMPANIES

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 2022 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.

3.8.8 SHARE OWNERSHIP STRUCTURE – PRINCIPAL SHAREHOLDERS

Breakdown of share capital and voting rights at 31 December 2022



(*) 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, the 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.

3.8.8.1 CHANGES IN SHARE OWNERSHIP STRUCTURE AND VOTING RIGHTS OVER THE LAST THREE YEARS

Shareholders	At 31 December 2022				At 31 December 2021				At 31 December 2020			
	Number of shares	% Share capital	% of voting rights at General Meetings	% of theoretical voting rights	Number of shares	% share capital	% of voting rights at General Meetings	% of theoretical voting rights	Number of shares	% share capital	% of voting rights at General Meetings	% of theoretical voting rights
Vivendi SE ⁽¹⁾	81,380,480	57.66	48.48	48.35	63,693,239	45.13	37.27	37.02	38,296,855	29.20	22.62	22.41
Qatar Holding LLC ⁽²⁾	16,254,216	11.52	19.37	19.32	16,254,216	11.52	19.02	18.90	17,091,585	13.03	20.19	20.00
Lagardère shareholding ⁽³⁾	15,675,447	11.11	12.68	12.65	15,611,486	11.06	12.42	12.34	9,521,625	7.26	11.25	11.14
Financière Agache ⁽⁴⁾	11,250,977	7.97	6.7	6.68	14,073,643	9.97	8.24	8.18	10,163,504	7.75	6.00	6.00
Other shareholders	13,818,370	9.79	10.90	10.86	27,861,769	19.74	21.06	20.90	51,832,004	39.54	37.25	37.18
Employees and Group Savings Plan investment funds	2,302,028	1.63	1.87	1.87	2,479,430	1.76	1.99	1.98	2,637,085	2.01	2.69	2.34
Treasury shares	451,768	0.32	-	0.27	1,159,503	0.82	-	0.68	1,590,628	1.21	-	0.93
Total ⁽⁵⁾	141,133,286	100	100	100	141,133,286	100	100	100	131,133,286	100	100	100

(1) In accordance with the rules applicable to the control of mergers, Vivendi will not exercise the 25,305,448 voting rights attached to the 25,305,448 shares it acquired from Amber Capital or the 17,687,241 voting rights attached to the 17,687,241 shares acquired as part of the Offer⁽¹⁾ until the takeover of the Company is authorised by the competition authorities. It will therefore have 22.87% of the exercisable voting rights and 22.81% theoretical voting rights until that date.

(2) 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, the shares held by Qatar Holding LLC carry double voting rights.

(3) The shareholding information covers Arnaud Lagardère, Lagardère Capital, Lagardère SAS, LM holding and Arjil Commandité-Arco.

(4) Based on the shareholding information provided in the threshold declaration (pursuant to the Articles of Association) received by the Company on 30 May 2022.

(5) The total ownership interest of each shareholder or category of shareholders is presented in the table above, rounded to the nearest hundredth.

Of the 1.63% of share capital held by Group employees at 31 December 2022, 0.34% 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 2022, the share capital was held by 27,150 shareholders and intermediaries directly registered in the Company's register (versus 45,279 at 31 December 2021), with the sharp decrease principally attributable to the subscription of numerous shareholders to the Offer⁽¹⁾.

Changes in the Company's shareholding structure over the past three years are presented above. These changes take into account (i) the allocation of ordinary shares to the General Partners in connection with the Company's conversion into a French joint-stock company in June 2021, (ii) Vivendi SE's acquisition of 25,305,448 shares held by Amber Capital UK LLP in December 2021 and (iii) Vivendi SE's acquisition of 17,687,241 shares under the public offer in 2022. In accordance with the rules applicable to the control of mergers, Vivendi will not exercise the voting rights attached to the 25,305,448 shares it acquired from Amber Capital or to the 17,687,241 shares acquired as part of the public offer until the takeover of the Company is authorised by the competition authorities. It will therefore have 22.81% of the Company's theoretical voting rights until that date.

3.8.8.2 REGULATORY SHAREHOLDING THRESHOLD CROSSINGS

Date of AMF notice	Shareholder	Threshold crossed
30 May 2022	Vivendi SE	Above 50% of share capital on 25 May 2022

(1) Capitalised terms have the meaning given to them in AMF information notice no. 22-106, and reiterated in AMF notice no. 22-107 in response, both of which are available on the Company's website.

3.8.8.3 ACTIONS IN CONCERT

The following action in concert has been disclosed to the Company:

- Action in concert by Arnaud Lagardère and the four companies he controls: Lagardère SAS, LM Holding, Arjil Commandité-Arco and Lagardère Capital (formerly Lagardère Capital & Management).

3.8.8.4 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 2022 was 167,850,915.

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 2022 amounted to 168,298,119.

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., 167,850,915 at 31 December 2022.

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.

3.8.8.5 PRINCIPAL SHAREHOLDERS

At 31 December 2022, Arnaud Lagardère, personally and via the companies he controls – Lagardère SAS, LM Holding, Lagardère Capital (formerly Lagardère Capital & Management) and Arjil Commandité-Arco – held 11.11% of the Company's share capital and 12.68% of the voting rights at General Meetings. In accordance with the Company's Articles of Association (see section 2.9.1), a portion of the shares held by Arnaud Lagardère and his companies, Lagardère Capital and Lagardère SAS, carry double voting rights.

To the best of the Company's knowledge, at 31 December 2022, Vivendi SE held 57.66% of Lagardère's share capital and 48.48%

of the voting rights at General Meetings. The voting rights attached to the 25,305,448 shares that Vivendi SE acquired from Amber Capital in 2021 and to the 17,687,241 shares acquired as part of the public offer, representing a total of 25.61% of the exercisable voting rights and 25.55% of the theoretical voting rights, may not be exercised until the takeover of the Company is authorised by the competition authorities. Consequently, at 31 December 2022, Vivendi SE held 22.87% of the exercisable voting rights and 22.81% of the theoretical voting rights.

To the best of the Company's knowledge, at 31 December 2022, Qatar Investment Authority (via its subsidiary Qatar Holding LLC) held 11.52% of the share capital and 19.37% of the voting rights at General Meetings. In accordance with the Company's Articles of Association, the shares held by Qatar Holding LLC carry double voting rights.

To the best of the Company's knowledge, at 31 December 2022, Financière Agache held 7.97% of the share capital and 6.7% of the voting rights at General Meetings.

To the best of the Company's knowledge, at 31 December 2022, no other shareholder held more than 5% of the share capital or voting rights directly or indirectly, alone or in concert.

3.8.8.6 SHAREHOLDER AGREEMENTS

To the best of the Company's knowledge, as at 31 December 2022, there were no reported or unreported shareholder agreements relating to Lagardère SA shares.

3.8.8.7 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 2022 in section 1.3 of the Universal Registration Document.

3.8.9 FREE SHARE AWARDS BY LAGARDÈRE SA 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 free share awards carried out in 2022.

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 400 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 2022

A total of 712,299 free shares vested in 2022.

All of these shares were issued through capital increases carried out by capitalising reserves, with capital reductions carried out at the same time by cancelling the same number of treasury shares purchased under the Company's share buyback programme.

The total 712,299 vested free shares breaks down as follows:

- ▶ 308,570 free shares were delivered to beneficiaries under the 8 April 2019 plan,
- ▶ 150,670 free shares were delivered to beneficiaries under the 16 April 2018 plan,
- ▶ 159,859 free shares were delivered to beneficiaries under the 14 May 2019 plan,
- ▶ 93,200 free shares were delivered to beneficiaries under the 10 October 2019 plans.

Awards of free shares by the Company in 2022

On 14 March 2022, 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 806,800 rights to free shares (representing 0.572% of the total number of shares making up the Company's capital) to 408 beneficiaries, comprising employees and executive corporate officers of the Company and entities related to it, breaking down as follows:

- ▶ 393,400 rights to free shares (representing 0.279% of the total number of shares making up the Company's capital at 31 December 2022) to 368 beneficiaries,
- ▶ 413,400 rights to performance shares (representing 0.293% of the total number of shares making up the Company's capital at 31 December 2022) to 40 beneficiaries.

Three-year presence condition

The free shares awarded under this plan will only vest for each of the 408 beneficiaries if, as at midnight on 14 March 2025, they have not resigned or been dismissed for serious or gross misconduct. In addition, for the Deputy Chief Executive Officer, as specified in his 2022 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 15 March 2025.

Performance conditions

In addition to the presence condition, the 413,400 performance share rights are subject to six performance conditions. Half of these are financial criteria, representing a total weighting of 70%, and the other half are non-financial criteria, which are equally weighted and represent a total weighting of 30%. These six criteria, assessed over the period from 2022 to 2024 (the "Reference Period"), are as follows:

Financial performance objectives

▶ ROCE (Return on Capital Employed) objective

ROCE is a relevant performance indicator reflecting the profitability of the Company's operating assets and its ability to create value.

25% of the performance shares awarded 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).

▶ Free cash flow 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.

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).

▶ Operating margin objective

Operating margin 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 used to direct the Group's strategy.

20% of the performance shares awarded are contingent on the Lagardère group achieving, in the last year of the Reference Period, an operating margin 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).

Non-financial performance objectives

30% of the performance 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:

▶ Rate of expenditure with suppliers presenting high CSR risks as assessed by EcoVadis (or equivalent)

10% of the performance shares awarded are contingent on the Lagardère group achieving, in the last year of the Reference Period, a rate of expenditure with suppliers presenting high CSR risks (as determined based on EcoVadis assessments or equivalent and divided by total expenditure relating to suppliers presenting high CSR risks) 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).

▶ Ratio of greenhouse gas emissions relative to the workforce

10% of the performance shares awarded are contingent on the Lagardère group achieving, in the last year of the Reference Period, a ratio of Scope 1 (emissions related to direct energy consumption), Scope 2 (emissions related to indirect energy consumption) and certain Scope 3 (emissions related to business travel and commuting) greenhouse gas emissions, relative to the workforce, 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).

▶ Percentage of women top executives

10% of the performance shares awarded are contingent on the Lagardère group achieving, at the end of 2024, a percentage of women top executives (a population of approximately 365 people defined in the Group's executive body gender balance policy) of 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).

For each of these six performance conditions:

- ▶ the trigger and target levels are set by the Board of Directors,
- ▶ 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 contingent on the 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 3.5.2 of this Universal Registration Document (remuneration section).

Free share plans granted by the Company and in effect in 2022

The main characteristics of all the free share plans which expired in 2022 or were in effect at 31 December 2022 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 non-vested shares
16 April 2018	812,460	311,140	501,320	0
8 April 2019	474,990	18,350	311,320	145,320
14 May 2019	232,370	72,511	159,859	0
10 October 2019	100,000	6,800	93,200	0
24 September 2021	783,000	-	-	783,000
14 March 2022	806,800	3,750	-	803,050
Total	3,209,620	412,551	1,065,699	1,731,370

Awards of free shares by entities or groups related to the Company

On 30 June 2022, Ice Participations, an entity in the Lagardère Publishing division, awarded and delivered 242,316 free shares to each of its two Deputy Chief Executive Officers.

In the course of 2022, 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 2022, Pierre Leroy, an employee of Lagardère Management and Deputy Chief Executive Officer of Lagardère SA, was awarded 35,000 rights to performance shares under the 14 March 2022 plan (representing 0.025% of the total number of shares making up the Company's capital at 31 December 2022 and a total value of €779,800 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 award complies with the framework set by Lagardère SA's Board of Directors which, at its meeting on 14 March 2022, confirmed the terms and conditions governing the caps and lock-up conditions applicable to free shares awarded to the Deputy Chief Executive Officer.

2. In 2022, 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 2022, 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 at 31 December 2022 and a total value of €187,152 calculated in accordance with IFRS), i.e., an average of 2,800 rights to shares awarded per person (representing a value of €62,384 under IFRS).

4. In 2022, 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 the companies that it controls within the meaning of article L. 233-16 of said Code.

3.9 ITEMS THAT COULD HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

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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.

3.9.1 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 3.8 below.

3.9.2 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 share ownership (see article 17 of the Company's Articles of Association),
- ▶ a disclosure requirement when a shareholder increases or decreases its interest to above or below a threshold of 1% of the voting rights. 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),

- ▶ a minimum shareholding requirement for Board members corresponding to 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' Internal 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 3.3.4 of this chapter.

3.9.3 HOLDERS OF SECURITIES WITH SPECIAL CONTROL RIGHTS OVER LAGARDÈRE SA

There are no holders of securities with special control rights.

3.9.4 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 General Meetings.

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.

At 31 December 2022, FCPE Lagardère Actionnariat held 481,491 shares representing 0.34% of the share capital and 0.56% of the rights to vote at General Meetings.

3.9.5 SHAREHOLDER AGREEMENTS THAT LAGARDÈRE SA IS AWARE OF AND WHICH MAY RESULT IN RESTRICTIONS ON THE TRANSFER OF SHARES AND THE EXERCISE OF VOTING RIGHT

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.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

3.9.6 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' Internal Rules of Procedure (see Appendix A2 of this document).

The rules related to amending the Articles of Association are described in article 19 thereof.

3.9.7 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.

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.

3.9.8 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 1.5.2 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.

3.9.9 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 four employees if they resign or if their employment is terminated due to a public offer.

3.10 APPENDICES**AFR****3.10.1 ARTICLES OF ASSOCIATION OF LAGARDÈRE SA****I THE COMPANY****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

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

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 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-proprétaire*) 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.

3.10.2 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 Atef-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 I

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) 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 3.1.2a), 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.



RISK FACTORS AND CONTROL SYSTEM

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Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

4.1 RISK FACTORS

AFR

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

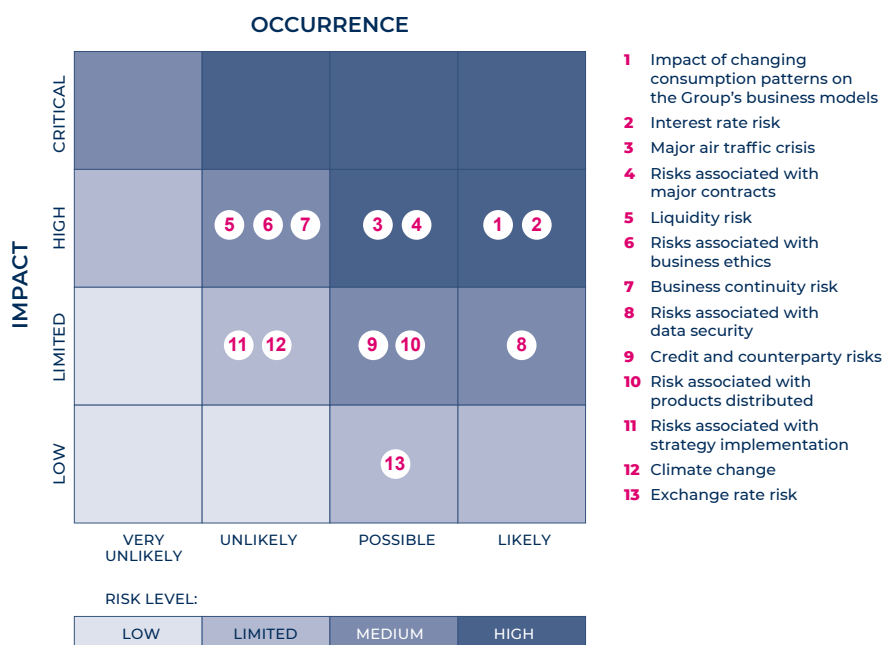
risk within each category is presented first. Additional information on certain risks is available, in particular Group litigation and financial risks (see section 5.3, note 34 and section 5.3, note 29, respectively, to the consolidated financial statements).

4.1.1 OVERVIEW OF THE GROUP'S MAIN RISKS

DETAILED MAP (HEAT MATRIX)

The impact presented does not take into account the measures implemented by the Lagardère group to manage the risks.

This table presents the status of risks from a medium-term perspective (three to five years).



Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

4.1.2 RISKS ASSOCIATED WITH THE GROUP'S BUSINESS ACTIVITY

4.1.2.1 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, as well as market events such as economic crises.

The Group's 2023-2025 strategic plan, presented to the Board of Directors on 14 September 2022, is based on its complementary businesses and enhanced operational performance.

DESCRIPTION

Lagardère Publishing

New ways of purchasing and distributing books (paper, e-books, 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.

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 4% of Group revenue in 2022.

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 & Fashion businesses, which represented approximately 22% of Group revenue in 2022.

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.

Certain events are likely to have a major impact on traveller behaviour. Revenue could, for example, be impacted by an economic crisis that affects leisure or business travel. Similarly, Covid-19 may also cause a prolonged reduction in business travel, as companies develop new ways of remote working and strive to cut overhead expenses.

In the longer term, the behaviour of both individual and business travellers is likely to evolve, as they seek to reduce their carbon footprint.

The Group's presence in different sectors and on various continents generally helps to diversify risks associated with its business activity. A breakdown of the Group's revenue by geographic area and business is set out in this Universal Registration Document ("Lagardère 2022 in brief").

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.

RISK MANAGEMENT PROCEDURES

Lagardère Publishing

Lagardère Publishing 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 growth in e-book and audiobook sales as a proportion of revenue, the development of a comprehensive digital educational offer and the diversification into board games and stationery.

Lagardère Travel Retail

Lagardère Travel Retail 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.

DESCRIPTION**Lagardère News**

Lagardère News, which accounts for around 3% of Group revenue in 2022, 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 21% over the first nine months of the year, and the radio industry recorded a 3% 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, which has led to a reduction in the number of home-to-work journeys that are conducive to listening to the radio. Recovering its audience numbers is a priority for the Group, as the station's revenue is directly linked to its audience.

4.1.2.2 MAJOR AIR TRAFFIC CRISIS**DESCRIPTION**

Lagardère Travel Retail's business is exposed to any major event that has a lasting impact on air traffic in a key geographic area.

The Covid-19 pandemic has therefore had a major impact on Lagardère Travel Retail's business since 2020. Like the transport and tourist industry as a whole, Lagardère Travel Retail was particularly hard hit by the slump in global air traffic, which was down by around 63.7% in 2020 and by 56.1% in 2021 versus 2019. Air traffic recovered in 2022, but remains once again below its 2019 level, particularly in North Asia. Lagardère Travel Retail's revenue, which amounted to €4,264 million in 2019, was €1,720 million in 2020, €2,290 million in 2021 and €3,927 million in 2022.

Besides a pandemic, other events could affect air traffic such as regional conflicts, terrorist attacks or natural disasters.

In light of the above, this risk is high for the Lagardère group.

RISK MANAGEMENT PROCEDURES**Lagardère News**

Lagardère News has begun the digital transformation of *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 in 2022. 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.

RISK MANAGEMENT PROCEDURES

The Group rapidly implemented a comprehensive action plan to address the Covid-19 crisis swiftly and minimise its adverse impacts.

Besides measures to protect the health of employees, customers and partners, the Group has taken various steps to protect its financial position.

It has maintained access to the liquidity it needs to carry on its business, and ensured that funds are allocated appropriately, notably by increasing the frequency of cash flow forecasts by the operating entities.

Lagardère Travel Retail has also implemented long-term measures to protect earnings and cash flow, including renegotiating the contractual terms of concessions and adapting store operations to traffic trends. Thanks to the measures taken, the negative impact of the decline in revenue on operating profit was limited to 4.9% in 2022.

Wherever possible, Lagardère Travel Retail applies guaranteed-minimum-per-passenger models and protective contractual clauses where external events arise that could affect the volume or quality of passenger traffic over a prolonged period.

4.1.2.3 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 the Group, in particular:

- ▶ the Group may lose the tender to a competitor,
- ▶ the concession grantor may split the contract into several distinct parts, leading to a reduction in the share of the concession initially awarded,
- ▶ the concession may be renewed under less favourable financial terms.

These risks may also concern 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.

4.1.2.4 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 Hojeji Branded Foods (HBF), acquired for USD 330 million in 2018, International Duty Free (IDF), acquired for €250 million in 2019, Workman Publishing, acquired for USD 240 million in 2021, and the acquisition of a majority stake in Creative Table Holdings Ltd in 2022 for €76 million.

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 limited overall.

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, together with extension of its debt maturities and renewal of its concessions, helps limit its exposure to the loss of a contract, or to a decline in the profitability of a given activity or market.

Lagardère Travel Retail also renewed a number of major concessions in 2022, including:

- ▶ the Duty Free & Fashion concessions at Paris-Charles-de-Gaulle and Paris-Orly airports (operated as a joint venture with the ADP group),
- ▶ the Travel Essentials concession on the SNCF network, in partnership with SNCF Gares & Connexions.

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, Lagardère Travel Retail applies guaranteed-minimum-per-passenger models and protective contractual clauses where external events arise 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.

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 Finance Committee under the aegis of the Group Finance Department.

The Finance 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.

4.1.3 OPERATIONAL RISKS

4.1.3.1 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 major 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 and networks, and/or those of its 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, floods, sabotage, terrorist attacks, strikes, and so on.

The Group considers this risk to be medium overall.

4.1.3.2 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 review 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 in the Education segment for Lagardère Publishing.

The Group's activities also 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 (alleged cartels or contracts restricting competition on its market, etc.), 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 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 mitigated, 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 for risks that can be insured.

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 transform its logistics distribution 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.

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 towards 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 Code of Conduct and whistleblowing system that can be used by anyone on the Group's 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.

4.1.3.3 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, particularly 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.

4.1.3.4 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 and that of the brands concerned with concession grantors. This risk generally increases as Lagardère Travel Retail's activities expand in these segments. The Foodservice business generated around 13% of consolidated revenue in 2022.

To a lesser extent, this risk also covers physical products delivered with books and partworks sold by Lagardère Publishing subsidiaries (accessories, toys, 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

Lagardère Travel Retail has implemented 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, Lagardère Publishing 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.

4.1.3.5 FINANCIAL RISKS

Interest rate risk

DESCRIPTION

Interest rate risk arises on the Group's position as a net borrower with regard to banks and the financial markets. In the context of the pandemic and the return of inflation, banks and financial markets have introduced far stricter lending conditions in terms of applied margins and interest rates.

In the event control of the Group changes to Vivendi SE at the end of the process before the European Commission, holders of bonds issued by the Company may request redemption of those bonds. This concerns an outstanding amount of approximately €1.9 billion at 31 December 2022, which could then be refinanced under far less favourable market conditions.

The Lagardère group considers this risk of an increase in financing costs due to rising interest rates to be high.

Liquidity risk

DESCRIPTION

In order to combat inflation, central banks have tightened their monetary policies, putting financial markets under pressure and making it much more difficult for companies to access financing in the second half of 2022. The Lagardère group is particularly affected by tighter lending conditions as it is not rated by a financial ratings agency.

As mentioned in the aforementioned risk, Lagardère group bondholders may request redemption of those bonds in the event of a change of control. This concerns an outstanding amount of approximately €1.9 billion at 31 December 2022. Accordingly, it is important for the Group to anticipate its future liquidity requirements.

The Group considers its liquidity risk to be medium.

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.

All of the aforementioned risks are described in further detail in note 29, chapter 5 of the Universal Registration Document.

Exchange rate risk

DESCRIPTION

A portion of the Group's equity (around 25%) 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.

In the course of its Travel Retail operations, the Group's entities may purchase products in one currency and sell them in another, generating an exchange rate risk on commercial transactions.

All of the aforementioned risks are described in further detail in note 29, chapter 5 of the Universal Registration Document.

The Lagardère group considers its exchange rate risk to be limited.

RISK MANAGEMENT PROCEDURES

More than 64% of the Group's gross debt in euros is at fixed rates, which reduces the risk of a significant increase in interest rates in usual market conditions.

However, no measures can be adopted by the Lagardère group to avoid redemption calls on its outstanding bonds in the event the change-of-control clause is exercised by the bondholders.

RISK MANAGEMENT PROCEDURES

In view of the current context, the Group has a credit line with its banks, which falls due in April 2024 and may be extended until April 2026. It ensures that it complies with the conditions attached to this credit line, in particular the "net debt/recurring EBITDA" ratio set out in the loan agreement.

Other management procedures could be considered, in agreement with Vivendi SE, to cover the liquidity risk resulting from a change of control of the Group.

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 2022.

RISK MANAGEMENT PROCEDURES

The Group does not hedge its asset value exchange risk against the euro.

Lagardère Travel Retail monitors exchange rate risk on commercial transactions and uses financial hedging instruments to reduce the risk.

4.1.3.6 CLIMATE RISK

In 2022, the Lagardère group conducted a detailed analysis of its exposure to climate risk over the medium and long term. It took into account two global warming scenarios through to 2100:

- a rise of 4°C in global temperatures, corresponding to very limited measures to reduce greenhouse gas emissions. The impact of this sharp rise in temperatures on the Group's businesses was assessed ("physical risk"),

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. The availability and price of certain raw materials used in the products sold by the Group could also be affected by climate change. This is the case, for example, for paper used in books and magazines, and for food products in Lagardère Travel Retail.

Transition risk

DESCRIPTION

The implementation of measures to reduce greenhouse gas emissions could have a significant impact on the Group's business. Changes in regulations could make certain activities less profitable, for example the introduction of a carbon tax making flight tickets more expensive, or bans on sales of certain products.

- a rise of up to 1.5°C in global temperatures, implying the worldwide adoption of measures to reduce greenhouse gas emissions. The impact of these measures on the Lagardère group was assessed ("transition risk").

The mapping exercise showed that climate risk cuts across all Lagardère group businesses. The Lagardère group considers this risk to be limited overall. Chapter 2 provides more details on the Group's climate risk mapping and its findings.

RISK MANAGEMENT PROCEDURES

The measures taken to manage this risk are essentially the same as those for business continuity risk.

The Lagardère group's operating entities also 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.

Lastly, the Group's sites are spread across many different geographic areas, which helps reduce the impact of a particular climate event on the Group.

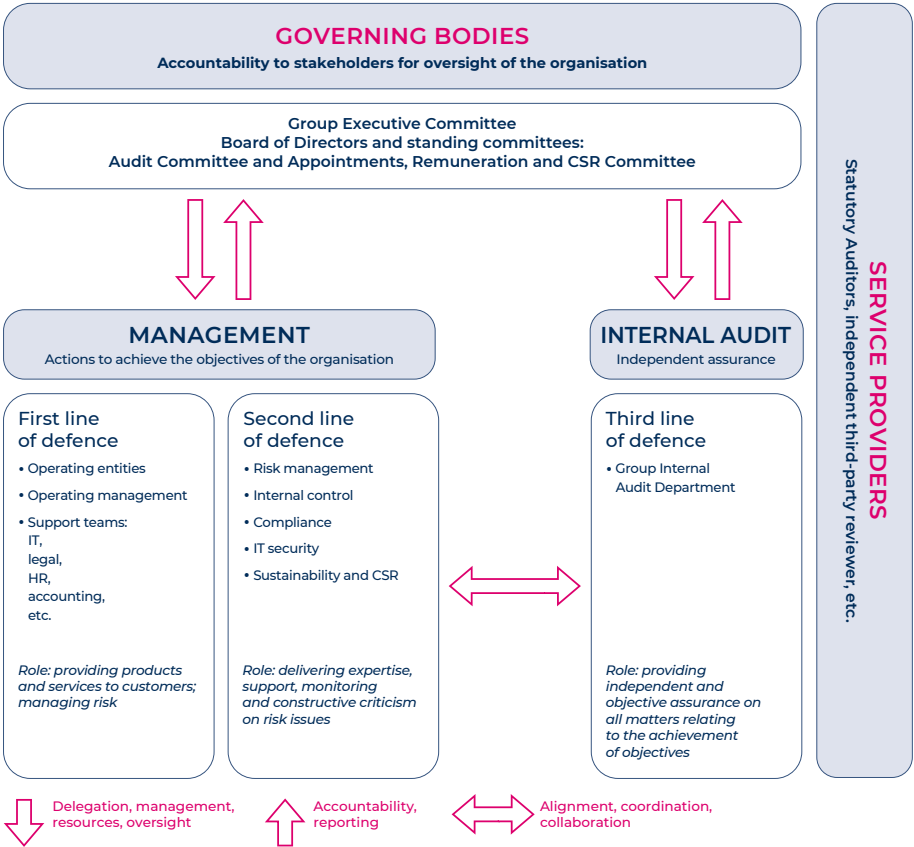
RISK MANAGEMENT PROCEDURES

The Lagardère group 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 and to adjust its product offering accordingly.

4.2 DESCRIPTION OF RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES

AFR

4.2.1 OVERVIEW OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL ORGANISATION



Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

4.2.2 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 rules of procedure of the Board of Directors and by the Group's Risk Management Charter.

4.2.2.1 GROUP ORGANISATION

In the Lagardère group's 2022 financial statements, 463 companies are fully consolidated and 33 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 3.

As at 31 December 2022, 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 unit (*Paris Match*, *Le Journal du Dimanche*, *JDD Magazine*, Europe 1, Europe 2, RFM and the Elle licensing activities), entertainment venues and production activities within Lagardère Live Entertainment, as well as 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 divisions' 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.

4.2.2.2 BOARD OF DIRECTORS AND AUDIT COMMITTEE

The role and powers of the Board of Directors are described in chapter 3. In the area of risk management and internal control, 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 consistent and pertinent for the preparation of the financial statements,
- ▶ monitoring the effectiveness of risk management and internal control 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.

4.2.2.3 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 ensures 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 risk management and internal control 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, whose membership is described in chapter 3.

4.2.2.4 CORPORATE DEPARTMENTS

Within the Group's holding company, the Corporate Departments are notably responsible for:

- ▶ discharging the management duties of a listed entity 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 to the Audit Committee on the preparation of financial information, risk management and internal control.

4.2.2.5 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.

4.2.2.6 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.

4.2.2.7 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.

4.2.3 RISK MANAGEMENT

Like all companies, the Lagardère group is exposed to a variety of risks in the course of its business activities. Section 4.1 of this document describes the Group's main risk factors and how they are managed.

4.2.3.1 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 in addressing contingencies, these procedures cannot guarantee that all the risks the Group may encounter in the future have been correctly analysed or even identified.

4.2.3.2 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 and with the Risk Management Charter, 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.

4.2.3.3 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,
- ▶ 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.

4.2.4 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.

4.2.4.1 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 2022, Lagardère and its divisions were able to renew insurance coverage in 2023 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.

4.2.4.2 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.

4.2.4.3 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 2023, 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 (for storms, earthquakes or flooding, etc.).

4.2.4.4 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 2023, 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 €73 million.

Sub-limits specific to certain types of insurance coverage may also apply within these overall limits.

4.2.4.5 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 2023, the highest insurance coverage limit subscribed by the Group is €10 million.

Sub-limits specific to certain types of insurance coverage may also apply.

4.2.4.6 PREMIUMS

In 2023, the overall budget for the main permanent insurance policies subscribed by the Group was estimated at 0.18% of sales (excluding collective insurance).

4.2.5 INTERNAL CONTROL

4.2.5.1 INTERNAL CONTROL BENCHMARK

The Group applies the Reference Framework recommended by the French financial markets authority (*Autorité des marchés financiers* – AMF) to oversee its risk management and internal control. 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.

4.2.5.2 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 set out the Group's Compliance programmes in the areas of anti-corruption, international economic sanctions and personal data protection.

The Lagardère group's Code of Ethics and the Anti-corruption Code of Conduct transcribe its values into guidelines, providing 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 business. 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.

4.2.6 PERMANENT MONITORING OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Lagardère group continuously works to strengthen its risk management and internal control 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.

4.2.6.1 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.

4.2.6.2 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 Manager in each division has a reporting line that guarantees his or her independence with regard to operating activities. 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 benchmark their findings. A summary of their work is presented to General Management and to the Audit Committee for the entire Group. It is included in the scope of audits carried out by the Internal Audit Department.

4.2.6.3 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 and the Group Audit Committee.

4.2.6.4 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.

4.2.6.5 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 findings 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 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.

4.2.7 FINANCIAL AND ACCOUNTING INFORMATION

4.2.7.1 PREPARATION AND MONITORING OF FINANCIAL REPORTING

4.2.7.1.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 reporting 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.

4.2.7.1.B PREPARATION OF BUDGETS

During the final quarter of the calendar year, the Group's divisions establish their five-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 budget.

4.2.7.1.C MONTHLY GROUP REPORTS, INTERNAL REPORTING

Each Group company's finance department enters data from its own monthly accounts into the Group's financial reporting database.

For each entity, these data include a balance sheet, an income statement and a statement of cash flows with notes, and the key performance indicators monitored by the Group.

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 the Group's principal executives.

4.2.7.1.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.

4.2.7.2 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 five-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.

4.2.7.3 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.

4.2.7.4 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".

4.2.7.4.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.

4.2.7.4.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.

4.2.7.4.C HEDGING POLICY AND MARKET RISK MONITORING

The hedging policy and market risk monitoring are 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.

4.2.7.5 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' presentation 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.

5

NET ASSETS, FINANCIAL POSITION AND RESULTS

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Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

5.1 PER SHARE DATA, DIVIDEND POLICY AND SHARE PERFORMANCE

AFR

5.1.1 CONSOLIDATED KEY FIGURES

(in millions of euros)	2022	2021	2020 ⁽¹⁾
Revenue	6,929	5,130	4,439
Recurring operating profit (loss) of fully consolidated companies ⁽²⁾	438	249	(155)
Non-recurring/non-operating items	(131)	(184)	(336)
of which impact of IFRS 16 on concession agreements ⁽³⁾	24	(25)	(17)
Income (loss) from equity-accounted companies ⁽⁴⁾	13	1	(58)
Profit (loss) before finance costs and tax	320	66	(549)
Finance costs, net	(74)	(64)	(76)
Interest expense on lease liabilities	(61)	(68)	(74)
Income tax (expense) benefit	(33)	(22)	31
Profit (loss) from discontinued operations ⁽¹⁾	35	2	(20)
Profit (loss) for the year	187	(86)	(688)
o/w attributable to minority interests	26	15	(28)
o/w attributable to owners of the Parent	161	(101)	(660)
Total equity	1,030	939	827
Cash and cash equivalents (net debt)	(1,713)	(1,535)	(1,733)
Goodwill	1,640	1,614	1,461
Investments	387	415	206

(1) In accordance with IFRS 5, Lagardère Sports was classified as a discontinued operation at 31 December 2020. Its earnings and cash flows for 2020 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations.

(2) Recurring operating profit of fully consolidated companies is described in note 3.3 to the consolidated financial statements as profit 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 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.

(3) Including gains and losses on leases.

(4) Before impairment losses.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

5.1.2 PER SHARE DATA

(in euros)	2022		2021		2020 ⁽²⁾	
	basic	diluted ⁽¹⁾	basic	diluted ⁽¹⁾	basic	diluted ⁽¹⁾
Profit (loss) attributable to owners of the Parent, per share	1.15	1.14	(0.75)	(0.75)	(5.11)	(5.11)
Equity attributable to owners of the Parent, per share	6.41	6.36	6.05	5.99	5.61	5.56
Cash flow from (used in) operations before change in working capital, per share	3.74	3.71	2.50	2.48	(0.25)	(0.25)
Share price at 31 December	20.04		24.38		20.48	
Dividend	1.30 ⁽³⁾		0.50		-	
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. Its earnings and cash flows for 2020 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations.

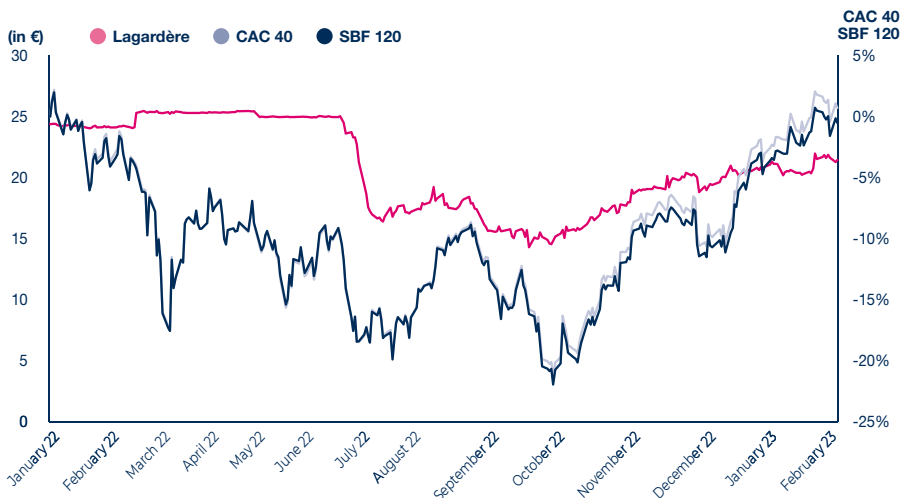
(3) Dividend submitted for approval to the General Meeting to be held on 18 April 2023.

5.1.3 DIVIDEND POLICY

The dividend payout in respect of 2021 amounted to €70.2 million.

The amendment to the syndicated credit facility agreement signed on 21 April 2022 (see note 29.1 to the consolidated financial statements) states that the maximum dividend that may be paid in 2023 in respect of 2022 is €1.30 per share. The €1.30 per-share payout cap can be waived for 2023 if the leverage ratio is below 3.5x.

There is also a ceiling 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.

5.1.4 SHARE PERFORMANCE SINCE JANUARY 2022

Source: Euronext.com.

5.2 PRESENTATION OF THE FINANCIAL POSITION AND CONSOLIDATED FINANCIAL STATEMENTS OF LAGARDÈRE SA

AFR

Comments on the Lagardère SA consolidated financial statements at 31 December 2022

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".

The Group is structured around its two priority divisions (Lagardère Publishing and Lagardère Travel Retail) and also has an "Other Activities" segment. The Group's business activities are as follows:

► **Lagardère Publishing**, which includes the Group's Book Publishing and e-Publishing businesses, and areas such as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Children and Young Adult, Board Games, Mobile Games, premium Stationery 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.

► **"Other Activities"**, which includes 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. 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.

The main changes in the scope of consolidation between 2021 and 2022 are described in note 4 to the consolidated financial statements.

5.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2022	2021
Revenue	6,929	5,130
Recurring operating profit of fully consolidated companies ^(*)	438	249
Income from equity-accounted companies ^(**)	13	1
Non-recurring/non-operating items	(131)	(184)
of which impact of IFRS 16 on concession agreements ^(***)	24	(25)
Profit before finance costs and tax	320	66
Finance costs, net	(74)	(64)
Interest expense on lease liabilities	(61)	(68)
Income tax expense	(33)	(22)
Profit from discontinued operations	35	2
Profit (loss) for the year	187	(86)
Attributable to:		
- Owners of the Parent	161	(101)
- Minority interests	26	15

(*) 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 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.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

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 for Lagardère Publishing, came in at €2,748 million for 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 an €87 million positive foreign exchange effect resulting from gains in the US dollar, and to a €113 million positive scope effect due to the acquisitions of Workman Publishing and Paperblanks. Amid a market downturn and high inflation, Lagardère Publishing maintained a very high level of like-for-like revenue.

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, 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*, which was boosted by the release of the film adaptation 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*.

Business 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, 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.

Revenue for Lagardère Travel Retail came in at €3,927 million, up 71.5% as reported and up 65.4% like for like. The difference between reported and like-for-like revenue is attributable to a €156 million positive foreign exchange effect, mainly reflecting gains in the US dollar and the Chinese yuan, and to a negative €3 million scope effect.

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.

Revenue for Other Activities in 2022 totalled €254 million, up 4.6% as reported and up 5.1% like for like compared to the same year-ago period.

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 licensing business grew by 3.8%.

Recurring operating profit of fully consolidated companies amounted to €438 million, up sharply by €189 million on 2021.

Lagardère Publishing reported €302 million in recurring operating profit, 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 efficient cost control management. Profitability came out at a highly satisfactory 11.0%, in line with the outlook and well above the historical pre-Covid performance (1.8 percentage points higher than in 2019).

Lagardère Travel Retail reported €136 million in recurring operating profit, 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 operating profit) 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 posted recurring operating profit 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 by €35 million to €35 million for 2022 – i.e., half of the 2019 figure – following a further €10 million year-on-year decrease.

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 included in profit before finance costs and tax represented net expense of €131 million in 2022, comprising:

- €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 Vino Volo), Italy (Rome airport and Airst) and Belgium (IDF), and €18 million for Lagardère Publishing in connection with the amortisation of publishing rights, especially in the United States and United Kingdom,
- €38 million in **restructuring costs**, including €34 million for Other Activities, mainly in connection with the public tender offer initiated by Vivendi SE and the impacts of the proposed link-up between Vivendi SE and Lagardère SA, and €4 million at Lagardère Publishing,
- €7 million in **net gains on disposals**, due to the impact of the sale of Atticus at Lagardère Publishing and a reversal from 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.

In 2021, non-recurring/non-operating items represented a net negative amount of €184 million, including (i) €17 million in net disposal gains, (ii) €44 million in restructuring costs, mainly in

connection with converting Lagardère SCA into a joint-stock company and the reorganisation at Lagardère News, (iii) €115 million in amortisation of intangible assets and expenses in connection with acquisitions of consolidated companies, of which €101 million at Lagardère Travel Retail relating to concession agreements, (iv) €17 million in impairment losses relating to the renewal of concession agreements at Lagardère Travel Retail and to Casino de Paris goodwill at Lagardère live Entertainment, and (v) the negative €25 million impact of applying IFRS 16 to concession agreements, chiefly at Lagardère Travel Retail.

As a result of the above, **profit before finance costs and tax** came out at €320 million for 2022, versus €66 million one year earlier.

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 decrease in this item reflecting a scope impact at Lagardère Travel Retail and the impact of lease liabilities measured 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 in 2022 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. In 2021, this figure included changes in provisions for vendor warranties and the balance of costs related to the sale of Lagardère Sports.

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.

5.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows

(in millions of euros)	2022	2021
Cash flow from operating activities before changes in working capital	858	577
Decrease in lease liabilities	(241)	(216)
Interest paid on lease liabilities	(87)	(20)
Changes in working capital relating to lease liabilities	(6)	(4)
Cash flow from operations before changes in working capital and income taxes paid	524	337
Changes in working capital	(73)	280
Income taxes paid	(57)	(38)
Cash flow from operations	394	579
Cash used in investing activities	(387)	(415)
- Purchases of intangible assets and property, plant and equipment	(177)	(136)
- Purchases of investments	(210)	(279)
Proceeds from disposals	42	94
- Disposals of intangible assets and property, plant and equipment	4	13
- Disposals of investments	38	81
Interest received	7	8
(Increase) decrease in short-term investments	-	-
Net cash used in investing activities	(338)	(313)
Cash flow from operations and investing activities	56	266
Net cash from (used in) financing activities excluding lease liabilities	(183)	28
Other movements	(5)	(21)
Change in cash and cash equivalents	(132)	273

5.2.2.1 CASH FLOW FROM OPERATIONS AND INVESTING ACTIVITIES

In 2022, **cash flow from operations before changes in working capital and income taxes paid (operating cash flow)** represented a net cash inflow of €524 million, compared with €337 million in 2021. The sharp rise in cash flow generation was primarily due to the business upturn and continued cash discipline.

Changes in working capital represented an outflow of €73 million, compared to an inflow of €280 million in 2021. The deterioration was due to Lagardère Publishing (€324 million outflow), which saw a significant fall in trade payables, with a particularly high level of payables to third-party publishers at end-2021 due to exceptionally high business levels during that year. Lagardère Publishing also reported a sharp rise in inventories as a result of the need to secure supplies as well as the effects of higher prices for raw materials and services. Working capital was €32 million higher at Lagardère Travel Retail, with lower levels of payables in 2022 and higher inventories in line with the business upturn.

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.

Purchases of property, plant and equipment and intangible assets represented a net outflow of €177 million, €41 million higher than in 2021. The increase in this item compared to the prior year was mainly driven by 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 (€49 million), which is investing in a transformation plan for its logistics and IT systems.

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 Welbeck Publishing Group, Paperblanks 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 property, plant and equipment and intangible assets represented a net inflow of €4 million. In 2021, this item amounted to €13 million and included the sale of Peak at Lagardère Publishing and of the Matra MS670.

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.

5.2.2.2 NET CASH FROM (USED IN) FINANCING ACTIVITIES

Financing activities in 2022 represented a net cash outflow of €183 million and include:

- ▶ €105 million in **dividends paid**, including €70 million by Lagardère SA and €35 million paid to minority shareholders, of which €28 million at Lagardère Travel Retail, particularly in North America, and €5 million at Lagardère Publishing,
- ▶ a €1 million **net increase in debt**, essentially relating to issues of commercial paper offset by repayments of bank borrowings,
- ▶ **interest paid**, representing an outflow of €79 million, including (i) €34 million in coupons on the 2016, 2017, 2019 and 2021 bond issues, (ii) €6 million in interest on bank loans and commercial paper, (iii) an outflow of €22 million relating to currency hedging instruments, and (iv) €8 million paid in interest and fees on the syndicated credit facility.

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. 2022	31 Dec. 2021
Short-term investments and cash and cash equivalents	851	937
Financial instruments designated as hedges of debt with a positive fair value	3	-
Non-current debt ^(*)	(1,647)	(1,971)
Current debt ^(*)	(920)	(501)
Net debt	(1,713)	(1,535)

(*) At 31 December 2022, current and non-current debt included financial instruments designated as hedges of debt with a negative fair value, representing €8 million and €19 million, respectively.

Changes in net debt during 2022 and 2021 were as follows:

(in millions of euros)	2022	2021
Net debt at 1 January	(1,535)	(1,733)
Cash flow from operations and investing activities	56	266
Interest paid	(79)	(81)
Minority interests' share in capital increases by subsidiaries	1	101
(Acquisitions) disposals of treasury shares	-	(1)
(Acquisitions) disposals of minority interests	(1)	(1)
Dividends	(105)	(22)
Debt related to put options granted to minority shareholders	(20)	(20)
Changes in scope of consolidation	-	-
Fair value of financial instruments designated as hedges of debt	(15)	(25)
Impact of classification of assets as held for sale	-	(1)
Effect on cash of changes in exchange rates and other	(15)	(18)
Net debt at 31 December	(1,713)	(1,535)

5.3 LAGARDÈRE SA CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2022

AFR

Consolidated income statement

(in millions of euros)		2022	2021
Revenue	(Notes 5 and 6)	6,929	5,130
Other income from ordinary activities		48	41
Total income from ordinary activities		6,977	5,171
Purchases and changes in inventories		(2,530)	(1,740)
External charges		(1,950)	(1,575)
Payroll costs		(1,549)	(1,211)
Depreciation and amortisation other than on acquisition-related intangible assets		(171)	(189)
Depreciation of right-of-use assets	(Note 18)	(328)	(374)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(113)	(109)
Restructuring costs	(Note 8)	(38)	(44)
Gains (losses) on disposals of assets	(Note 9)	7	17
Gains and losses on leases ^(*)	(Note 18)	41	131
Impairment losses on goodwill, property, plant and equipment and intangible assets	(Note 10)	(9)	(17)
Other operating expenses	(Note 11)	(91)	(59)
Other operating income	(Note 12)	61	64
Income (loss) from equity-accounted companies	(Note 20)	13	1
Profit before finance costs and tax	(Note 5)	320	66
Financial income	(Note 13)	17	14
Financial expenses	(Note 13)	(91)	(78)
Interest expense on lease liabilities	(Note 18)	(61)	(68)
Profit (loss) before tax		185	(66)
Income tax expense	(Note 14)	(33)	(22)
Profit (loss) from continuing operations		152	(88)
Profit from discontinued operations ^(**)		35	2
Profit (loss) for the year		187	(86)
Attributable to:			
Owners of the Parent		161	(101)
Minority interests		26	15
<i>Earnings per share – Attributable to owners of the Parent:</i>			
<i>Basic earnings (loss) per share (in €)</i>	(Note 15)	1.15	(0.75)
<i>Diluted earnings (loss) per share (in €)</i>	(Note 15)	1.14	(0.75)
<i>Earnings per share from continuing operations – Attributable to owners of the Parent:</i>			
<i>Basic earnings (loss) per share (in €)</i>	(Note 15)	0.90	(0.76)
<i>Diluted earnings (loss) per share (in €)</i>	(Note 15)	0.90	(0.76)

(*) 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.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

Consolidated statement of comprehensive income

(in millions of euros)	2022	2021
Profit (loss) for the year (1)	187	(86)
Actuarial gains and losses on pensions and other post-employment benefit obligations ^(*)	(5)	20
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)	(5)	20
Currency translation adjustments	60	123
Change in fair value of derivative financial instruments ^(*)	(26)	(26)
Share of other comprehensive income from equity-accounted companies ^(*)	-	-
Other comprehensive income for the year, net of tax, that may be reclassified subsequently to profit or loss (3)	34	97
Other comprehensive income for the year, net of tax (2)+(3)	29	117
Total comprehensive income (expense) for the year (1)+(2)+(3)	216	31
Attributable to:		
Owners of the Parent	186	13
Minority interests	30	18

(*) Net of tax.

Consolidated statement of cash flows

(in millions of euros)		2022	2021
Profit (loss) from continuing operations		152	(88)
Income tax benefit (expense)	(Note 14)	33	22
Finance costs, net	(Note 13)	135	132
Profit before finance costs and tax		320	66
Depreciation and amortisation expense		608	661
Impairment losses, provision expense and other non-cash items		(16)	(2)
(Gains) losses on disposals of assets and on leases		(46)	(148)
Dividends received from equity-accounted companies		5	1
(Income) loss from equity-accounted companies	(Note 20)	(13)	(1)
Changes in working capital	(Note 25)	(79)	276
Cash flow from operating activities		779	853
Income taxes paid		(57)	(38)
Net cash from operating activities	(A)	722	815
Cash used in investing activities			
- Purchases of intangible assets and property, plant and equipment	(Note 5)	(177)	(136)
- Disposals of investments	(Notes 4.2 and 5)	(150)	(274)
- Cash acquired through acquisitions	(Note 5)	(15)	15
- Purchases of other non-current assets	(Note 5)	(45)	(20)
Total cash used in investing activities	(B)	(387)	(415)
Cash from investing activities			
Proceeds from disposals of non-current assets		-	-
- Disposals of intangible assets and property, plant and equipment	(Note 5)	4	13
- Disposals of investments	(Notes 4 and 5)	21	78
- Cash transferred on disposals	(Note 5)	(2)	(2)
Decrease in other non-current assets	(Note 5)	19	5
Total cash from investing activities	(C)	42	94
Interest received	(D)	7	8
Net cash used in investing activities	(F)=(B)+(C)+(D)	(338)	(313)
Net cash from operating and investing activities	(G)=(A)+(F)	384	502
Capital transactions			
- Minority interests' share in capital increases by subsidiaries		1	101
- (Acquisitions) disposals of treasury shares		-	(1)
- (Acquisitions) disposals of minority interests		(1)	(1)
- Dividends paid to owners of the Parent		(70)	-
- Dividends paid to minority shareholders of subsidiaries		(35)	(22)
Total capital transactions	(H)	(105)	77
Financing transactions			
- Increase in debt	(Note 28.1)	74	1,193
- Decrease in debt		(73)	(1,161)
Total movements in debt	(I)	1	32
Interest paid	(J)	(79)	(81)
Decrease in lease liabilities	(Note 18) – (J)	(241)	(216)
Interest paid on lease liabilities	(Note 18) – (J)	(87)	(20)
Net cash used in financing activities	(K)=(H)+(I)+(J)	(511)	(208)
Other movements			
- Effect on cash of changes in exchange rates		(7)	(12)
- Effect on cash of other movements		2	(9)
Total other movements	(L)	(5)	(21)
Change in cash and cash equivalents	(M)=(G)+(K)+(L)	(132)	273
Cash and cash equivalents at beginning of period		878	605
Cash and cash equivalents at end of period	(Note 25)	746	878

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Consolidated balance sheet

ASSETS (in millions of euros)		31 Dec. 2022	31 Dec. 2021
Intangible assets	(Note 17)	986	971
Goodwill	(Note 16)	1,640	1,614
Right-of-use assets	(Note 18)	1,640	1,583
Property, plant and equipment	(Note 19)	661	673
Investments in equity-accounted companies	(Note 20)	83	46
Other non-current assets	(Note 21)	183	188
Deferred tax assets	(Note 14)	310	270
Total non-current assets		5,503	5,345
Inventories	(Note 22)	833	632
Trade receivables	(Note 23)	957	1,023
Other current assets	(Note 24)	840	687
Cash and cash equivalents	(Note 25)	851	937
Total current assets		3,481	3,279
Assets held for sale	(Note 4.3)	-	127
Total assets		8,984	8,751

Consolidated balance sheet

EQUITY AND LIABILITIES (in millions of euros)		31 Dec. 2022	31 Dec. 2021
Share capital		861	861
Share premiums		-	-
Reserves and retained earnings		(31)	174
Profit (loss) for the year attributable to owners of the Parent		161	(101)
Other comprehensive income		(92)	(119)
Equity attributable to owners of the Parent		899	815
Minority interests	(Note 26)	131	124
Total equity		1,030	939
Provisions for pensions and other post-employment benefit obligations	(Note 27)	67	88
Non-current provisions for contingencies and losses	(Note 27)	121	141
Non-current debt	(Note 28)	1,647	1,971
Non-current lease liabilities	(Note 18)	1,634	1,602
Other non-current liabilities	(Note 31)	54	52
Deferred tax liabilities	(Note 14)	268	263
Total non-current liabilities		3,791	4,117
Current provisions for contingencies and losses	(Note 27)	111	146
Current debt	(Note 28)	920	501
Current lease liabilities	(Note 18)	388	309
Trade payables		1,379	1,298
Other current liabilities	(Note 31)	1,365	1,274
Total current liabilities		4,163	3,528
Liabilities associated with assets held for sale	(Note 4.3)	-	167
Total equity and liabilities		8,984	8,751

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 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
Impact of the retrospective application of the IFRIC agenda decision on IAS 38 ^(d)	-	-	(29)	-	-	-	(29)	-	(29)
At 1 January 2022	861	-	35	(71)	8	(47)	786	124	910
Profit for the year	-	-	161	-	-	-	161	26	187
Other comprehensive income (expense) for the year ^(a)	-	-	(5)	-	56	(26)	25	4	29
Total comprehensive income (expense) for the year	-	-	156	-	56	(26)	186	30	216
Dividends paid	-	-	(70)	-	-	-	(70)	(35)	(105)
Parent company capital increase/reduction ^(b)	-	-	(14)	14	-	-	-	-	-
Minority interests' share in capital increases	-	-	-	-	-	-	-	1	1
Changes in treasury shares	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	11	-	-	-	11	-	11
Effect of transactions with minority interests	-	-	1	-	-	-	1	-	1
Changes in scope of consolidation and other	-	-	(14)	-	(1)	-	(15)	11	(4)
At 31 December 2022	861	-	105	(57)	63	(73)	899	131	1,030

(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 carried out by capitalising reserves at 30 June 2021.

(d) Impact of the application of the IFRIC agenda decision on IAS 38 (see note 1.4).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(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 2022 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 2022**, are as follows:

- ▶ Amendment to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract.
- ▶ Amendment to IFRS 3 – Reference to the Conceptual Framework.
- ▶ Amendment to IAS 16 – Proceeds before Intended Use.
- ▶ Annual Improvements to IFRSs (2018–2020 Cycle).

The impact on the consolidated financial statements of applying these amendments is not significant.

In 2022 the Group finalised its work for applying the IFRS IC agenda decision on IAS 38 regarding configuration or customisation costs in cloud computing arrangements. The impacts of applying the agenda decision are described in note 1.4 below.

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 2022:

- ▶ 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 new standards and amendments to existing standards published by the International Accounting Standards Board (IASB) at 31 December 2022 **which have not yet been endorsed** by the European Union and which will be effective subsequent to 2022 are as follows:

- ▶ Amendments to IAS 1 – Classification of Liabilities as Current or Non-current.
- ▶ Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback.

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 15 February 2023 and are subject to the approval of the General Meeting of Shareholders on 18 April 2023.

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.

Significant estimates made relate mainly to:

- ▶ valuing the return rights granted to distributors at Lagardère Publishing, based partly on sales forecasts,
- ▶ calculating the forecast cash flows and determining the time frame, discount and perpetuity growth rates to be used in impairment tests. Note 10 provides further details of the estimates and judgements used in impairment tests,
- ▶ measuring the assets and liabilities acquired in business combinations and, in the context of the Group's refocusing completed in 2020, the earn-outs and vendor warranties arising from disposals of the former Lagardère Active and Lagardère Sports divisions. 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 VIVENDI SE PUBLIC TENDER OFFER

On 21 February 2022, Vivendi SE filed a proposed tender offer with the AMF.

The proposed tender offer consisted of:

- ▶ a principal tender offer, which allowed shareholders to sell their Lagardère SA shares at a price of €25.50 per share (*cum dividend*, i.e., €25 paid by Vivendi based on the dividend of €0.50 per share on the *ex-dividend* date of 25 April 2022),
- ▶ a subsidiary tender offer, which granted shareholders, for each Lagardère SA share tendered to the subsidiary offer and held until the closing 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.

On 22 March 2022, Lagardère SA filed with the AMF a draft memorandum in response (*note en réponse*), notably containing the report of the independent expert, Eight Advisory, which concluded that the financial terms of the offer were fair, and the favourable opinion issued by its Board of Directors on 21 March 2022.

The AMF Board meeting on 12 April 2022 ruled on the compliance of the offer, which subsequently ran from 14 April 2022 to 20 May 2022 and then, given the success of the initial offer period, from 27 May 2022 to 9 June 2022.

Upon completion of the tender offer, Vivendi SE held 80,943,768 Lagardère shares, as tendered to the principal offer and representing the same number of voting rights, i.e., 57.35% of Lagardère's capital and 48.03% of its theoretical voting rights⁽¹⁾.

A total of 31,184,281 shares were tendered to the subsidiary tender offer. The shareholders who tendered these shares received as many transfer rights, allowing them to sell each share to Vivendi SE, for each transfer right, at a price of €24.10 (ex-dividend) until 15 December 2023.

On 24 October 2022, Vivendi SE formally notified the European Commission of the proposed transaction with the Lagardère group. At this time, Vivendi SE confirmed that it is continuing to examine the proposed divestment of the entire share capital of its subsidiary Editis, as announced on 28 July 2022. Subject in particular to the authorisation of the European Commission, the proposed divestment would primarily involve the distribution of Editis shares to Vivendi shareholders and their simultaneous admission to trading on Euronext Paris, as well as the sale by Vivendi's principal shareholder, the Bolloré group, of all Editis shares received further to the distribution, such that Editis establishes a stable core shareholder base.

On 30 November 2022, the European Commission opened an in-depth investigation to assess, under the EU Merger Regulation, the proposed acquisition of Lagardère by Vivendi. To date, the deadline announced by the European Commission for the delivery of its decision is 23 May 2023.

It should be noted that the Lagardère 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 Vivendi SE can exercise only 38,387,791 voting rights representing approximately 22.80% of the total.

Expert, financial and legal fees incurred by Lagardère in the context of the public tender offer, as well as the costs inherent in the future takeover by Vivendi SE, have been recorded as restructuring costs (see note 8) in the financial statements for the year ended 31 December 2022.

1.2 IMPACT OF THE COVID-19 PANDEMIC

During 2022, the impacts of the Covid-19 pandemic on the Group's business activities were limited. Government restrictions were eased and even lifted in most countries, except for China, allowing air traffic to resume at different rates in different parts of the world.

Impairment tests on goodwill and intangible assets with indefinite useful lives

The impairment tests carried out at the end of the year take into account the gradual recovery in air traffic.

The results of these tests, along with impairment test sensitivity, are set out in note 10.

Renegotiations of lease payments under concession agreements

Lagardère Travel Retail continued to negotiate rent relief with airports, hospitals and train stations based on the development of the epidemic and the government restrictions in each country. The volume and amounts involved in the negotiations are lower than in 2021 and 2020, due to the improved health situation.

The IFRS 16 amendments were applied where the renegotiated leases met the requisite conditions, 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 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 total amount of €40 million in 2022 versus €82 million in 2021. This support includes government-funded compensation paid to concession grantors by airports in the United States for €20 million, as well as specific furlough-related measures representing €3 million at 31 December 2022 versus €42 million at 31 December 2021.

Liquidity

At 31 December 2022, the Group's liquidity stood at €1,893 million, comprising €851 million in cash and cash equivalents and an undrawn renewable credit facility of €1,042 million granted by a syndicate of the Group's banking partners.

A further amendment to the syndicated credit facility was signed on 21 April 2022, adjusting the amount of the facility to €1,042 million and extending its maturity from March 2023 to April 2024 for an amount of €982 million, with the option to further extend the maturity to April 2026 subject to the agreement of the banks.

This amendment provides for a return to the half-yearly application of the initial financial covenant (financial leverage) as of 30 June 2022, which must be less than 4.5x at 30 June and 31 December 2022, less than 4.0x as of 30 June 2023 and less than 3.5x as of 31 December 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 €920 million in debt falling due (including €376 million in commercial paper and €350 million in bond debt).

1.3 CLIMATE CHANGE

In 2022, the Lagardère group conducted a detailed analysis of its exposure to climate risk based on two scenarios of a 1.5°C and 4°C rise in global temperatures by 2030 and 2050. The Group's risk map shows that this risk is limited overall.

► Climate risk mitigation: impact of transition risks

The scenario of a limited 1.5°C rise in global temperatures involves adopting compulsory measures to reduce greenhouse gas emissions in the context of changes in the regulatory, technological or market environment, which could limit access to resources or reduce air traffic. In order to reduce its exposure to these risks, the Group is following these developments closely so as to adapt its business model to these upcoming constraints, and in 2022 devised a strategy to reduce its carbon footprint.

A preliminary estimate of the potential financial impact was made considering (i) the risk of an increase in the price of paper for Lagardère Publishing and Lagardère News, and (ii) the risk of a decline in air traffic (based on air traffic technology scenarios established by The Shift Project⁽²⁾) for Lagardère Travel Retail. Adaptation and optimisation measures were taken into account for each simulation of the impact of these risks on profitability.

The **risk of an increase in paper costs** does not have a significant impact on the profitability of Lagardère Publishing, even in an unlikely

(1) Based on the balance sheet approved at 30 June 2022.

(2) Source: Report entitled "Pouvoir voler en 2050 : quelle aviation dans un monde contraint ?" (French only), March 2021, Supaero Decarbo, The Shift Project, Citoyens pour le Climat - The Shift Project is a general interest think tank working towards a carbon-free economy.

adverse scenario of a sharp increase that cannot be passed on through price increases, through to 2030 or 2050.

Simulations made through to 2030 for Lagardère Travel Retail with respect to the **risk of a decline in air traffic** assume gradual decreases of up to 5%. In this context, the division's profitability would be moderately impacted, the impact could be further attenuated by the division's proven capacity to adapt and optimise, notably by renegotiating agreements with airports.

By 2050, the shift towards decarbonised modes of transport would enable the business to maintain its target profitability. Profitability could decrease in an adverse scenario with stricter regulations, without however taking into account the development of non-airport activities, the renegotiation of agreements with concession grantors and synergies linked to the probable consolidation of the market in such circumstances.

► Climate change adaptation: impact of physical risks

The 4°C global warming scenario factors in climate trends that increase physical risks due to more frequent weather events (heat waves, floods, forest fires, droughts, etc.) and longer-term climate changes with potential financial consequences. The analysis of physical risks is concentrated around the impact of heat waves on (i) paper supplies, (ii) the supply chain (printers, warehouses, etc.) and offices, and (iii) air and rail infrastructure. Exposure to these risks could be reduced by diversifying suppliers and favouring local sources of supply, and by being able to negotiate appropriate rent with concession grantors. Lastly, Lagardère Travel Retail's broad geographic footprint also makes it less susceptible to localised weather events.

These risks have been assessed as "limited" in the risk map in terms of their probability of occurrence, their potential financial impact is still being assessed and will be subject to more in-depth work in 2023.

► Accounting for climate risks in the financial statements

Based on this initial analysis of climate risks, the Group's balance sheet – and particularly goodwill – has limited exposure to climate risk at this stage.

Climate change is not considered as an indication of impairment.

Accordingly, and given the preliminary nature of the financial impact simulations, the impairment tests carried out at 31 December 2022 do not factor in any climate change assumptions.

1.4 APPLICATION OF THE IFRS IC'S MARCH 2021 AGENDA DECISION – CONFIGURATION OR CUSTOMISATION COSTS IN A CLOUD COMPUTING ARRANGEMENT (SAAS)

The impact of applying the IFRS IC's March 2021 agenda decision on the recognition of configuration or customisation costs in SaaS arrangements was finalised in 2022 in order to determine whether the various types of costs capitalised during IT projects that provide for remote access to software still meet the capitalisation criteria set out in this decision or whether they should be reclassified as expenses. The analysis covered software recognised as an intangible asset at 31 December 2021, along with projects in progress.

The IFRS IC indicated that when a contract to access a supplier's software is accounted for by the customer as a service, it is necessary to identify when those configuration and customisation services are provided to the customer, by analogy with the requirements of IFRS 15. If these services are provided by the software supplier (or a subcontractor of that supplier), the customer recognises the related costs (i) as an expense when the services are performed, if the configuration and customisation services are separate from the software access services, or (ii) as an expense when the supplier provides the customer with access to the software if the services are not separate from the software access services, in which case the costs are expensed over the term of the contract.

(in millions of euros)	Impact on equity at 1 January 2022	Of which relating to 2021	Impact on 2022 profit
Previously capitalised expenditure recognised as an expense		(8)	(9)
Amortisation savings related to the above expenditure		5	6
Tax effects		1	-
Impact on profit for the year	(29)	(2)	(3)

The negative €29 million impact on opening equity at 1 January 2022 relates mainly to an IT project in the US dating back to 2020 (negative €23 million impact), the expenditure for which was recognised as software within intangible assets. The remaining impact corresponds to IT development projects in progress in 2021 in France, for which

the related expenditure was capitalised before the software was brought into service. Based on its analysis of these projects in light of the IFRS IC's March 2021 agenda decision, the Group decided not to capitalise these expenses.

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 nil. After the Group's interest has been reduced to nil, 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 2022 and 2021 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.

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 nil 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.

Amendments 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 lower than the 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 five years. For some Lagardère Travel Retail CGUs, the projection periods used may be extended beyond the five years of the business plan to take into account of the term of concession agreements.

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.

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 2022

The main changes in the scope of consolidation in 2022 were as follows:

Lagardère Publishing

- Acquisition by Hachette UK in January 2022 of Paperblanks, a publisher of notebooks, diaries, journals and other premium stationery.
- Acquisition by Hachette Livre in February 2022 of La Boîte de Jeu, an independent board game publisher. La Boîte de Jeu's current catalogue includes about 20 titles and are mostly aimed at fans of strategy-based games.
- Acquisition by Hachette Livre in February 2022 of the remaining share capital not yet owned in Bragelonne, an independent French board game publisher.

Lagardère Travel Retail

- Acquisition in April 2022 of United Arab Emirates-based Creative Table Holdings Ltd, which has been successfully developing a catering offering at Dubai airport for many years. This acquisition allows the division to benefit from a foothold in one of the world's most renowned airline hubs and opens up new development prospects at Dubai airport.
- Partial disposal on 1 May 2022 of Lagardère Travel Retail's operations in Australia and New Zealand following the agreement signed in November 2021 with AWPL (see note 4.3).

4.2 BUSINESS COMBINATIONS

The impacts of the business combinations carried out in 2022 in the consolidated financial statements were as follows:

	Creative Table Holdings Ltd	Final allocation - Workman Publishing	Other	Total
Purchase price (A)^(*)	76	-	47	123
Allocation to identifiable assets and liabilities				
Non-current assets ^(**)	65	14	31	110
Inventories, trade receivables and other assets	-	-	20	20
Cash and cash equivalents	-	-	4	4
Trade payables and other liabilities	-	-	(16)	(16)
Net debt	-	-	-	-
Leases: right-of-use assets	41	-	-	41
Leases: lease liabilities	(41)	-	-	(41)
Deferred taxes, net	(5)	(1)	(3)	(9)
Minority interests as a proportion of the net assets acquired	(11)	-	(2)	(13)
Total identifiable assets and liabilities (B)	49	13	34	96
Goodwill (euro equivalent at the acquisition date) (A-B)	27	(13)	13	27
Translation adjustments	3	6	-	9
Provisional goodwill (euro equivalent at year-end)	30	(7)	13	36

(*) Other business combinations mainly concern Paperblanks.

(**) Including €65 million in respect of concession agreements, €31 million relating to trademarks and €12 million relating to publishing rights.

The above impacts mainly result from the acquisition of Creative Table Holdings Ltd and from acquisitions at Lagardère Publishing that are not material taken individually. The impact of the acquisition of Creative Table Holdings Ltd 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:

	Creative Table Holdings Ltd	Other	Total
Price paid for business combinations in 2022	(76)	(14)	(90)
Increase in capital at associates and joint ventures		(36)	(36)
Price adjustments for prior-period acquisitions, other acquisitions of securities and associated fees		(24)	(24)
Purchases of investments recorded under investing activities in the statement of cash flows	(76)	(74)	(150)

Creative Table Holdings Ltd

In April 2022, Lagardère Travel Retail acquired 80% of the share capital of Creative Table Holdings Ltd for a total of €76 million. At 31 December 2022, the purchase price allocation results in goodwill of €27 million following the allocation of €65 million to

intangible assets in respect of the concession agreements, amortised over 20 years. The minority shareholders of Creative Table Holdings Ltd have an option to sell their shares to the Group, which is reflected as a liability for €14 million at the acquisition date.

Workman Publishing

	Provisional opening balance sheet at 31 Dec. 2021	Opening balance sheet adjustments	Final opening balance sheet at 31 Dec. 2022
Purchase price (A)	215	-	215
Allocation to identifiable assets and liabilities			
Fixed assets ^(*)	80	14	94
Inventories, trade receivables and other assets	77	-	77
Cash and cash equivalents	12	-	12
Trade payables and other liabilities	(31)	-	(31)
Net debt	-	-	-
Leases: right-of-use assets	14	-	14
Leases: lease liabilities	(14)	-	(14)
Deferred taxes, net	-	(1)	(1)
Total identifiable assets and liabilities (B)	138	13	151
Goodwill (A-B)	77	(13)	64
Translation adjustments	2	6	8
Provisional goodwill (euro equivalent at year-end)	79	(7)	72

(*) Mainly publishing rights for €68 million and trademarks for €24 million, amortised over 15 years.

As detailed in note 4.2 to the 2021 consolidated financial statements, on 23 September 2021 Lagardère Publishing finalised the acquisition of the entire share capital of Workman Publishing for a total cash consideration of €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 young adult works, illustrated books and non-fiction.

The final allocation of the purchase price was carried out in the first half of 2022, resulting in the recognition of €94 million in fixed assets, mainly comprising publishing rights for €68 million and trademarks for €24 million, amortised over 15 years.

The final amount of goodwill amounts to €72 million, chiefly reflecting Workman Publishing'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.

4.3 ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

4.3.1 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

In November 2021, Lagardère Travel Retail and Australian travel retail business 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.

The transaction was completed on 1 May 2022 following approval from the local authorities and was accounted for as a disposal of Lagardère Travel Retail's business in Australia and New Zealand, generating a disposal gain of less than €1 million. The share held in the jointly-controlled entity was accounted for as an investment in equity-accounted companies for €10 million.

4.3.2 DISCONTINUED OPERATIONS

Profit from discontinued operations of €35 million mainly comprises an earn-out payment relating to the sale of Lagardère Sports in 2020, resulting from the agreement reached with the Confederation of African Football (CAF) at the end of 2022 to settle out of court the dispute arising in 2019 following the unilateral termination by CAF of the media and marketing rights deal that had been awarded to Sportfive until 2028.

4.4 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 and young adult 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).

NOTE 5 SEGMENT INFORMATION

The Group is structured around its two priority divisions (Lagardère Publishing and Lagardère Travel Retail) and also has an "Other Activities" segment.

The Group's segment reporting is structured as follows for internal purposes:

- **Lagardère Publishing**, which includes the Group's Book Publishing and e-Publishing businesses, and areas such as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Children and Young Adult, Board Games, Mobile Games, premium Stationery 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.

- **"Other Activities"**, which includes 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. 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.

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 carried out on arm's length terms.

5.1 SEGMENT INFORMATION

2022 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total
Revenue	2,757	3,927	254	6,938
Inter-segment revenue	(9)	-	-	(9)
Consolidated revenue	2,748	3,927	254	6,929
Other income from ordinary activities	9	12	27	48
Total income from ordinary activities	2,757	3,939	281	6,977
Recurring operating profit of fully consolidated companies	302	136	-	438
Income from equity accounted companies before impairment losses	6	7	-	13
Restructuring costs	(4)	-	(34)	(38)
Gains (losses) on disposals	4	-	3	7
Impairment losses ^(*)	(1)	(8)	-	(9)
Amortisation of acquisition-related intangible assets	(17)	(92)	-	(109)
Expenses related to acquisitions and disposals	(1)	(2)	-	(3)
Purchase price adjustment	-	(3)	-	(3)
Impact of IFRS 16 on concession agreements ^(**)	2	22	-	24
Profit (loss) before finance costs and tax	291	60	(31)	320
Items included in recurring operating profit of fully consolidated companies				
Depreciation and amortisation of property, plant and equipment and intangible assets	(36)	(125)	(10)	(171)
Depreciation of right-of-use assets - Buildings and other	(35)	(13)	(21)	(69)
Cost of free share plans	(5)	(3)	(3)	(11)

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

(**) The breakdown of the impact of IFRS 16 on concession agreements and on gains and losses on leases is disclosed in the table below.

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total
Impact of IFRS 16 on concession agreements	2	22	-	24
Gains and losses on leases	2	39	-	41
Depreciation of right-of-use assets	-	(259)	-	(259)
Decrease in lease liabilities	-	167	-	167
Interest paid on lease liabilities	-	70	-	70
Changes in working capital relating to lease liabilities	-	5	-	5

2021 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total
Revenue	2,604	2,290	242	5,136
Inter-segment revenue	(6)	-	-	(6)
Consolidated revenue	2,598	2,290	242	5,130
Other income from ordinary activities	5	12	24	41
Total income from ordinary activities	2,603	2,302	266	5,171
Recurring operating profit (loss) of fully consolidated companies	351	(81)	(21)	249
Income (loss) from equity accounted companies before impairment losses	7	(6)	-	1
Restructuring costs	(9)	(2)	(33)	(44)
Gains (losses) on disposals	16	-	1	17
Impairment losses ^(*)	-	(15)	(2)	(17)
Amortisation of acquisition-related intangible assets	(7)	(90)	-	(97)
Expenses related to acquisitions and disposals	(7)	(5)	-	(12)
Purchase price adjustment	-	(6)	-	(6)
Impact of IFRS 16 on concession agreements ^(**)	5	(30)	-	(25)
Profit (loss) before finance costs and tax	356	(235)	(55)	66
Items included in recurring operating profit of fully consolidated companies				
Depreciation and amortisation of property, plant and equipment and intangible assets	(41)	(137)	(11)	(189)
Depreciation of right-of-use assets - Buildings and other	(32)	(14)	(21)	(67)
Cost of free share plans	(3)	(2)	(2)	(7)

(*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

(**) The breakdown of the impact of IFRS 16 on concession agreements and on gains and losses on leases is disclosed in the table below.

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total
Impact of IFRS 16 on concession agreements	5	(30)	-	(25)
Gains and losses on leases	5	126	-	131
Depreciation of right-of-use assets	-	(307)	-	(307)
Decrease in lease liabilities	-	142	-	142
Interest paid on lease liabilities	-	5	-	5
Changes in working capital relating to lease liabilities	-	4	-	4

2022 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Cash flow from (used in) operating activities	238	566	(25)	779
Decrease in lease liabilities ^(*)	(39)	(184)	(18)	(241)
Interest paid on lease liabilities ^(*)	(9)	(71)	(7)	(87)
Cash flow from (used in) operations before income taxes paid	190	311	(50)	451
Income taxes paid	(104)	(4)	51	(57)
Cash flow from operations	86	307	1	394
Net cash used in investing activities relating to intangible assets and property, plant and equipment	(49)	(123)	(1)	(173)
- Purchases	(49)	(124)	(4)	(177)
- Disposals	-	1	3	4
Free cash flow	37	184	-	221
<i>o/w free cash flow before changes in working capital</i>	155	138	1	294
Net cash from (used in) investing activities relating to investments	(54)	(127)	9	(172)
- Purchases	(68)	(140)	(2)	(210)
- Disposals	14	13	11	38
Interest received	3	2	2	7
(Increase) decrease in short term investments	-	-	-	-
Cash flow from (used in) operations and investing activities	(14)	59	11	56

(*) Cash flows relating to lease liabilities are shown within net cash from financing activities in the consolidated statement of cash flows.

2021 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Cash flow from (used in) operating activities	613	284	(44)	853
Decrease in lease liabilities ^(*)	(35)	(159)	(22)	(216)
Interest paid on lease liabilities ^(*)	(9)	(7)	(4)	(20)
Cash flow from (used in) operations before income taxes paid	569	118	(70)	617
Income taxes paid	(76)	-	38	(38)
Cash flow from (used in) operations	493	118	(32)	579
Net cash used in investing activities relating to intangible assets and property, plant and equipment	(33)	(88)	(2)	(123)
- Purchases	(38)	(92)	(6)	(136)
- Disposals	5	4	4	13
Free cash flow	460	30	(34)	456
o/w free cash flow before changes in working capital	254	(48)	(30)	176
Net cash from (used in) investing activities relating to investments	(228)	(36)	66	(198)
- Purchases	(273)	(39)	33	(279)
- Disposals	45	3	33	81
Interest received	1	1	6	8
(Increase) decrease in short-term investments	-	-	-	-
Cash flow from (used in) operations and investing activities	233	(5)	38	266

(*) 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 2022

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Segment assets	3,587	3,859	601	8,047
Investments in equity-accounted companies	28	48	7	83
Segment liabilities	(2,020)	(2,787)	(580)	(5,387)
Capital employed	1,595	1,120	28	2,743
Assets held for sale and associated liabilities				-
Net cash and cash equivalents (net debt)				(1,713)
Equity				1,030

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

5.2 INFORMATION BY GEOGRAPHIC SEGMENT**Revenue**

	2022	2021
United States	1,833	1,333
European Union (excl. France)	1,789	1,138
France	1,705	1,393
United Kingdom	545	456
Asia-Pacific	496	485
Other North America (mainly Canada)	181	103
Other European countries	132	75
Middle East	68	28
Other (Africa, Latin America)	180	119
Total	6,929	5,130

Segment assets

	31 Dec. 2022	31 Dec. 2021
European Union (excl. France)	2,679	2,488
United States	2,511	2,433
France	2,093	2,009
Asia-Pacific	348	430
Other European countries	56	114
Canada	73	71
Middle East	170	19
United Kingdom	20	17
Other (Africa, Latin America)	97	60
Total	8,047	7,641

Purchases of intangible assets and property, plant and equipment

	2022	2021
European Union (excl. France)	55	41
United States	49	30
France	40	33
Asia-Pacific	22	24
Canada	2	1
Other European countries	1	-
Middle East	3	-
Other	5	7
Total	177	136

NOTE 6 REVENUE

Revenue for the Lagardère group totalled €6,929 million in 2022, up 35.1% as reported and up 28.3% at constant scope and exchange rates (like-for-like).

The like-for-like change in revenue is calculated by comparing:

- 2022 revenue to exclude companies consolidated for the first time during the year, and 2021 revenue to exclude companies divested in 2022,
- revenue for 2021 and revenue for 2022 adjusted based on the exchange rates applicable in 2021.

The difference between consolidated and like-for-like revenue is essentially attributable to a €243 million positive foreign exchange effect, mainly reflecting gains in the US dollar (positive €194 million impact) and in the Chinese yuan (positive €14 million impact). The €109 million positive scope effect related mainly to the acquisitions of Workman Publishing and Paperblanks at Lagardère Publishing, and of Dubai-based Creative Table Holdings at Lagardère Travel Retail.

E-books accounted for 7.8% of total Lagardère Publishing revenue in 2022 (7.7% in 2021), while digital audiobooks represented 4.3% of revenue (3.8% in 2021).

Revenue breaks down as follows by business and by division:

	2022	2021
Lagardère Publishing	2,748	2,598
General Literature	1,155	1,085
Illustrated Books	524	443
Education	293	325
Partworks	282	297
Other	494	448
Lagardère Travel Retail	3,927	2,290
Travel Essentials	1,521	998
Duty Free & Fashion	1,511	795
Foodservice	895	497
Other Activities	254	242
Press	109	108
Radio	87	96
Other	58	38
Total	6,929	5,130

Revenue breaks down as follows by country and by division:

	2022	2021
Lagardère Publishing	2,748	2,598
United States and Canada	867	734
France	746	767
United Kingdom, Ireland and Oceania	552	527
Spain	139	136
Other Europe	212	222
Other	232	212
Lagardère Travel Retail	3,927	2,290
Europe, Middle East and Africa (excluding France)	1,727	887
United States and Canada	1,171	690
France	750	427
China	235	240
Other Asia-Pacific	44	46
Other Activities	254	242
France	210	199
Asia-Pacific	16	15
Western Europe	13	15
United States and Canada	15	13
Total	6,929	5,130

NOTE 7 EMPLOYEE DATA

7.1 HEADCOUNT

The average number of employees of fully consolidated companies (excluding seconded employees) breaks down as follows by division:

(in number of employees)	2022	2021
Lagardère Publishing	7,765	7,430
Lagardère Travel Retail	18,844	13,018
Other Activities	1,320	1,143
Total	27,929	21,591

7.2 PAYROLL COSTS

	2022	2021
Wages and salaries	1,304	1,037
Payroll taxes	234	167
Share-based payments	11	7
Total	1,549	1,211

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 2019 to 2022, 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:

- 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: 783,000 shares,
- 14 March 2022 plans: 806,800 shares.

For Group employees who are beneficiaries of the 8 April 2019, 10 October 2019, 24 September 2021 and 14 March 2022 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 14 May 2019, 10 October 2019, 24 September 2021 and 14 March 2022 plans, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 15 May 2022, 11 October 2022, 25 September 2024 and 15 March 2025, respectively, under the 2019, 2021 and 2022 plans,

► and:

- 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). As the objectives were not met, the charge was not adjusted in respect of this plan,
- 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,
- for the plan awarded in 2022, 70% of the award is subject to the achievement of objectives based on financial criteria internal to the Group (return on capital employed, free cash flow and operating margin rate). The remaining 30% of the award is subject to meeting non-financial criteria (proportion of female Top Executives, greenhouse gas emissions per employee, proportion of spending on suppliers presenting a high CSR risk as assessed by EcoVadis). If these criteria are not met, the number of shares awarded will be reduced accordingly.

Assumptions used to calculate fair value

The assumptions underlying the plans for which an expense was recognised in the 2022 and 2021 financial statements were as follows:

	14 March 2022 Plan	24 Sept. 2021 Plan	10 Oct. 2019 Plan	14 May 2019 Plan	8 April 2019 Plan
Share price at grant date (€)	25.38	22.98	19.97	22.16	23.46
Expected dividend payout rate (%)	4.1	4.5	6.5	5.9	5.5

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 €11 million in 2022 and €7 million in 2021.

NOTE 8 RESTRUCTURING COSTS

2022

Restructuring costs amounted to €38 million in 2022 and chiefly concern:

- €34 million for Other Activities, consisting mainly of costs related to Vivendi's public tender offer for Lagardère SA, as well as costs inherent in the future takeover and severance pay for the departure of an Executive Committee member (see note 35),
- €4 million at Lagardère Publishing, mainly costs related to the consolidation of Workman Publishing, Bragelonne and Maxima.

2021

In 2021, restructuring costs amounted to €44 million and chiefly concerned:

- €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,
- €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.

NOTE 9 CAPITAL GAINS AND LOSSES**2022**

In 2022, the Group recorded a net gain of €7 million relating to the following key transactions:

- ▶ the release of warranties on disposals carried out in previous years for €5 million in Other Activities,
- ▶ a €4 million pre-tax gain on the sale of Lagardère Publishing's non-consolidated minority interest in Atticus,
- ▶ the balance of a Lagardère Media News receivable held in escrow, representing a loss of €3 million.

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 the 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.

NOTE 10 IMPAIRMENT LOSSES ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The impairment losses recorded in 2022 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	
	2022	2021	2022	2021	2022	2021	2022	2021
Lagardère Publishing	15	15	1,120	1,110	42	42	1,162	1,152
Lagardère Travel Retail	12	12	393	377	49	43	442	420
Other Activities:	4	4	127	127	28	28	155	155
- Lagardère News (Press and Radio)	2	2	109	109	21	21	130	130
- Lagardère Live Entertainment	2	2	18	18	7	7	25	25
Total	31	31	1,640	1,614	119	113	1,759	1,727

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Lagardère Publishing	15	15	1,120	1,110	42	42	1,162	1,152
Anaya, Larousse and other	4	4	220	220	2	2	222	222
Hachette UK Holding group	1	1	324	333	21	21	345	354
Hachette Book Group (United States)	1	1	402	389	4	4	406	393
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	62	56	15	15	77	71
Lagardère Travel Retail	12	12	393	377	49	43	442	420
North America	1	1	254	239	49	43	303	282
Belgium	1	1	49	49	-	-	49	49
United Arab Emirates	1		30		-		30	
Pacific		1		29		-		29
Czech Republic	1	1	34	34	-	-	34	34
France	1	1	12	12	-	-	12	12
Asia	1	1	8	8	-	-	8	8
Other	6	6	6	6	-	-	6	6
Other Activities	4	4	127	127	28	28	155	155
Lagardère News (Press and Radio)	2	2	109	109	21	21	130	130
Lagardère Live Entertainment	2	2	18	18	7	7	25	25
Total	31	31	1,640	1,614	119	113	1,759	1,727

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 five years.

For some Lagardère Travel Retail CGUs, the projection periods were extended beyond the five years covered by the business plan (to 2032) to reflect the term of concession agreements, such that cash flows gradually reach a normative level.

The forecast cash flows assume that business would be back at its 2019 level between 2023 and 2024. 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 the ACI (Airports Council International) and IATA (International Air Transport Association).

The Lagardère group's financial exposure to the conflict in Ukraine is very low and has no impact on the value of its assets. However, the Group remains vigilant as to the direct or indirect consequences that this conflict could have on its activities.

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 carried out in the last quarter of 2022.

The discount rates used for each business were as follows in 2022, 2021 and 2020:

Discout rate	Discount rate			Perpetuity growth rate		
	2022	2021	2020	2022	2021	2020
(%)						
Lagardère Publishing^(*)	7.60	6.00	7.40	1.50	1.50	1.50
Lagardère Travel Retail	9.10	8.00	8.00	2.50	2.50	2.50
Other Activities:						
Lagardère News – Press	7.80	6.64	8.52	0.00	0.00	0.00
Lagardère News – Radio	8.70	6.51	8.08	1.50	1.50	1.50
Lagardère Live Entertainment	9.80	7.56	7.56	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 median 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 notably on share prices, debt and the macro- and micro-economic outlook.

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. The samples were adjusted and expanded in 2022 compared to 2021 and 2020, mainly for the Publishing, Press and Live Entertainment businesses.

Recognised impairment losses

Total impairment losses recognised by consolidated companies in 2022 amounted to €9 million, including €1 million for goodwill, €7 million for intangible assets and €1 million for property, plant and equipment at Lagardère Travel Retail.

The main impairment losses break down as follows:

- €7 million for intangible assets and €1 million for property, plant and equipment at Lagardère Travel Retail in the United States, owing to the termination of certain concessions,
- €1 million for La Plage goodwill at Lagardère Publishing.

Impairment losses recognised 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 broke 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.

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:

- Lagardère Publishing: market trends, market share and profit margins, manufacturing and overhead rates determined based on established action plans.

- Lagardère 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, 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.

► Inflation

Inflation assumptions regarding the purchase cost of goods and raw materials such as paper in the Publishing and Magazine Publishing businesses were included in the business plan. The Group will endeavour to offset the effects of inflation through targeted action such as price increases.

► Brand licensing revenue

For the period beyond the five years covered by the business plan, a change corresponding to an annual decrease of 2% in Elle brand licensing revenue compared with the assumptions used at end-2022 would not lead the Group to recognise impairment against goodwill for the Lagardère News Press CGU.

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 2022.

The tables include sensitivity to a maximum 2% increase in the discount rate, which is higher than the increases observed for 2021 and 2020.

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%	-	-	-	-	-	-	(5)	(13)	(21)
-0.5%	-	-	-	-	-	-	(1)	(7)	(16)
0%	-	-	-	-	-	-	-	(1)	(10)
+0.5%	-	-	-	-	-	-	-	-	(3)
+1%	-	-	-	-	-	-	-	-	-

(*) The discount rate used for the 2022 impairment tests was 7.6%.

At 31 December 2022, a two-point increase in the discount rate combined with a one-point decrease in the perpetuity growth rate would lead to the Group to recognise an additional impairment loss of €20 million for the Anaya & Bruño group and €1 million for La Plage.

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 2022 impairment tests was 9.1%. 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%	-	-	-	-	-	(2)	(6)	(9)	(12)
-0.5%	-	-	-	-	-	-	(3)	(6)	(10)
0%	-	-	-	-	-	-	-	(3)	(6)
+0.5%	-	-	-	-	-	-	-	-	(3)
+1%	-	-	-	-	-	-	-	-	-

(*) The discount rates used for the 2022 impairment tests were 7.8% for the Press CGU, 8.7% for the Radio CGU and 9.8% for the Lagardère Live Entertainment CGU.

At 31 December 2022, 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 €12 million for the Radio CGU (Lagardère News).

NOTE 11 OTHER OPERATING EXPENSES

	2022	2021
Net change in asset impairment losses	(67)	(46)
Financial expenses other than interest	(2)	(1)
Foreign exchange losses	(11)	-
Other operating expenses	(11)	(12)
Total	(91)	(59)

The net change in asset impairment losses includes impairment losses for Lagardère Publishing taken against advances paid to authors totalling €37 million in 2022 and €39 million in 2021.

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 €30 million in 2022 and €8 million in 2021.

Other operating expenses consist mainly of software deployment costs of €7 million in 2022 in the Lagardère Publishing division.

NOTE 12 OTHER OPERATING INCOME

	2022	2021
Net reversals of provisions for contingencies and losses	25	3
Operating subsidies	11	13
Audiovisual tax credit	-	1
Other tax credits	13	40
Other operating income	12	7
Total	61	64

Other operating income includes net reversals of provisions for risks and liabilities totalling €25 million in 2022 versus €3 million in 2021. These reversals mainly relate to risks that have been extinguished as of 31 December 2022 at Lagardère Publishing and within Other Activities.

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 and Poland.

NOTE 13 NET FINANCE COSTS

	2022	2021
Interest income on loans	3	2
Investment income and gains on sales of marketable securities	5	5
Gain arising on changes in the fair value of financial assets	8	2
Other financial income	1	5
Financial income	17	14
Interest expense on borrowings	(69)	(68)
Loss arising on changes in the fair value of financial assets	(12)	(8)
Other financial expenses	(10)	(2)
Financial expenses	(91)	(78)
Total	(74)	(64)

Net finance costs amounted to €74 million for 2022, an increase of €10 million year on year, primarily reflecting the financial foreign

exchange losses and impairment charged against financial assets at Lagardère Travel Retail.

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:

	2022	2021
Current taxes	(63)	(49)
Deferred taxes	30	27
Total	(33)	(22)

In 2022, the Group recorded an income tax expense of €33 million, €11 million higher than the 2021 figure, due mainly to the business

upturn in the year, particularly at Lagardère Travel Retail, which led to an €11 million increase in the income tax expense.

14.2 TAX PROOF

The following table reconciles income tax reported in the income statement to the theoretical income tax expense for 2022 and 2021:

	2022	2021
Profit (loss) before tax	185	(66)
(-) (Income) loss from equity-accounted companies	(13)	(1)
Profit of fully consolidated companies before tax	172	(67)
Theoretical tax expense ^(*)	(44)	19
Effect on theoretical tax expense of:		
Different tax bases for capital gains and losses ^(**)	1	4
Different tax bases for impairment losses on goodwill and other intangible assets	-	(1)
Different tax rates on earnings of foreign subsidiaries	13	4
Tax credits and tax incentives	4	1
Limitation on deferred taxes	43	2
Effect of changes in tax rates on deferred taxes	(1)	(2)
Tax loss carryforwards used (recognised) in the year ^(***)	(27)	(34)
Impact of deferred tax asset recognised on tax loss carryforwards	-	-
Impact of discontinued operations	(2)	-
Permanent differences and other items	(21)	(15)
Effective income tax expense	(33)	(22)

(*) Calculated at the French standard rate (25.83% in 2022 and 28.41% in 2021).

(**) 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 2022 and 2021 concerned the following assets and liabilities:

	31 Dec. 2022	31 Dec. 2021
Intangible assets	(209)	(221)
Property, plant and equipment	(31)	(26)
Non-current financial assets	(20)	3
Inventories	27	21
Provisions for pension benefit obligations	20	20
Right-of-use assets and lease liabilities	83	65
Other provisions	77	70
Other working capital items	151	119
Temporary differences (gross amount)	98	51
Write-down of deferred tax assets	(259)	(210)
Temporary differences (net amount)	(161)	(159)
Tax loss carryforwards	202	166
Tax credits	-	-
Net deferred tax asset (liability)	42	7
Deferred tax assets	310	270
Deferred tax liabilities	(268)	(263)

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 2022, the tax base of US federal tax loss carryforwards relating to this tax group amounted to €106 million and 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 Lagardère Travel Retail.

At 31 December 2022, the Group also had unused tax loss carryforwards with a tax base of more than €466 million arising in the French tax group. Tax losses in France can be carried forward indefinitely.

14.4 CHANGES IN DEFERRED TAXES

	2022	2021
Net deferred tax asset (liability) at 1 January	7	(14)
Income tax expense recognised in the income statement	30	27
Deferred tax recognised directly in equity	8	-
Reclassification as assets held for sale and associated liabilities	-	-
Effect of change in scope of consolidation and exchange rates	(3)	(6)
Net deferred tax asset (liability) at 31 December	42	7

Deferred taxes recognised directly in equity can be analysed as follows:

	31 Dec. 2022	31 Dec. 2021
Investments in non-consolidated companies	-	-
Cash flow hedges	7	2
Actuarial gains and losses on pensions and other post-employment benefit obligations	19	16
Total	26	18

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 (attributable to the Parent), there was no dilutive effect. The loss from discontinued operations (attributable to the Parent) was, however, impacted by the dilutive effect.

	2022	2021
Profit (loss) for the year attributable to owners of the Parent (in millions of euros)	161	(101)
Number of shares making up the share capital at 31 December	141,133,286	141,133,286
Treasury shares	(451,768)	(1,159,503)
Number of shares outstanding at 31 December	140,681,518	139,973,783
Average number of shares outstanding during the year	140,327,651	134,758,221
Basic earnings (loss) per share – Attributable to owners of the Parent (in euros)	1.15	(0.75)
Dilutive share options and free shares:		
Share options	-	-
Free shares	909,570	1,235,919
Average number of shares including dilutive share options and free shares	141,237,221	135,994,140
Diluted earnings (loss) per share – Attributable to owners of the Parent (in euros)	1.14	(0.75)
Profit (loss) from continuing operations – Attributable to owners of the Parent (in millions of euros)	127	(103)
Basic earnings (loss) per share from continuing operations – Attributable to owners of the Parent (in euros)	0.90	(0.76)
Diluted earnings (loss) per share from continuing operations – Attributable to owners of the Parent (in euros)	0.90	(0.76)
Profit from discontinued operations – Attributable to owners of the Parent (in millions of euros)	35	2
Basic earnings per share from discontinued operations – Attributable to owners of the Parent (in euros)	0.25	0.01
Diluted earnings per share from discontinued operations – Attributable to owners of the Parent (in euros)	0.24	0.01

NOTE 16 GOODWILL

	2022	2021
At 1 January	1,614	1,461
Gross amount	1,791	1,888
Accumulated impairment losses	(178)	(427)
Acquisitions ^(*)	27	94
Goodwill written off following disposal or deconsolidation ^(**)	(28)	(2)
Impairment losses ^(***)	(1)	(2)
Translation adjustments	28	67
Classification within assets held for sale ^(****)	-	(1)
Other movements	-	(3)
At 31 December	1,640	1,614
Gross amount ^(*****)	1,819	1,791
Accumulated impairment losses ^(*****)	(179)	(178)

(*) Including for 2022: Creative Table Holdings Ltd for €27 million, John Catt for €8 million, Paperblanks for €2 million, Bragelonne for €5 million, La Boîte de Jeu for €1 million, along with final adjustments in the purchase price accounting for Workman Publishing (negative €14 million). 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 2022: disposal of Lagardère Travel Retail's business in Australia and New Zealand for €28 million (see note 4.3). Including for 2021: Euro Radio Saar for €2 million.

(***) Including for 2022: La Plage for €1 million.

Including for 2021: Casino de Paris for €2 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		Total
	Publication titles	Other	Concession agreements	Other	
At 1 January 2021	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
Acquisitions	-	5	-	20	25
Changes in scope of consolidation	-	-	64	17	81
Disposals/Derecognition	-	-	(12)	(6)	(18)
Impact of IFRIC agenda decision on IAS 38 ^(*)	-	-	-	(45)	(45)
Reclassifications	-	1	-	40	41
Translation adjustments	-	-	34	15	49
At 31 December 2022	8	146	1,240	589	1,983

(*) Pursuant to the IFRIC's agenda decision on IAS 38, €45 million of gross intangible assets and €11 million of amortisation were cancelled against opening equity at 1 January 2022, representing a net impact of €29 million after tax (see note 1.4).

Amortisation and impairment losses

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives		Total
	Publication titles	Other	Concession agreements	Other	
At 1 January 2021	(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)
Amortisation	-	-	(92)	(35)	(127)
Impairment losses	-	-	(7)	-	(7)
Changes in scope of consolidation	-	-	-	3	3
Disposals/Derecognition	-	-	12	6	18
Impact of IFRIC agenda decision on IAS 38 ^(*)	-	-	-	11	11
Reclassifications	-	-	5	(6)	(1)
Translation adjustments	-	-	(12)	(3)	(15)
At 31 December 2022	(3)	(32)	(657)	(305)	(997)

(*) Pursuant to the IFRIC's agenda decision on IAS 38, €45 million of gross intangible assets and €11 million of amortisation were cancelled against opening equity at 1 January 2022, representing a net impact of €29 million after tax (see note 1.4).

Carrying amounts

At 31 December 2021	5	108	591	267	971
At 31 December 2022	5	114	583	284	986

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 11.28%.

Changes in right-of-use assets and lease liabilities were as follows in 2022 and 2021:

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 2022	2,802	744	3,546	(1,605)	(358)	(1,963)	1,197	386	1,583
New leases	187	21	208				187	21	208
Depreciation				(259)	(69)	(328)	(259)	(69)	(328)
Impairment losses				-	-	-	-	-	-
Translation adjustments	62	8	70	(35)	(5)	(40)	27	3	30
Lease modifications	(8)	(2)	(10)	-	-	-	(8)	(2)	(10)
Lease remeasurements	113	2	115	-	-	-	113	2	115
Changes in scope of consolidation	59	3	62	(6)	(2)	(8)	53	1	54
Terminated leases	(144)	(46)	(190)	144	46	190	-	-	-
Other	(6)	-	(6)	(6)	-	(6)	(12)	-	(12)
At 31 December 2022	3,065	730	3,795	(1,767)	(388)	(2,155)	1,298	342	1,640

	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).

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 2022	1,191	411	1,602	237	72	309	1,428	483	1,911
New leases	183	21	204	-	-	-	183	21	204
Interest expense	-	-	-	48	13	61	48	13	61
Decreases from gains on leases ^(*)	(39)	(2)	(41)	-	-	-	(39)	(2)	(41)
Lease payments	-	-	-	(239)	(89)	(328)	(239)	(89)	(328)
Reclassifications ^(**)	(192)	(73)	(265)	192	73	265	-	-	-
Translation adjustments	29	4	33	6	1	7	35	5	40
Lease modifications	(8)	(2)	(10)	-	-	-	(8)	(2)	(10)
Lease remeasurements	85	2	87	28	-	28	113	2	115
Changes in scope of consolidation	31	-	31	36	1	37	67	1	68
Other	(3)	(4)	(7)	3	6	9	-	2	2
At 31 December 2022	1,277	357	1,634	311	77	388	1,588	434	2,022

(*) 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.

	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).

Lagardère Travel Retail continued to negotiate rent relief with airports, hospitals and train stations, albeit for smaller volumes and amounts than in 2021 and 2020. These took various forms:

- ▶ 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 (amendments 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 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 2022** were as follows:

- ▶ a decrease in lease liabilities for **€51 million** recognised against right-of-use assets for **€10 million (lease modifications)**, and gains on leases recognised in income for **€41 million**, including:
 - an increase in lease terms and in premises leased, representing a positive €168 million,
 - rent relief obtained in respect of Lagardère Travel Retail's concession agreements up to 30 June 2022, to which the IFRS 16 amendments were applied, as well as negative variable lease

payments in an amount of **€39 million** (reduction in the lease liability against a gain on leases),

- a decrease in lease terms and premises leased, representing a negative €42 million in lease liabilities and a negative €40 million in right-of-use assets, including a **€2 million** gain on leases,
- changes in lease payments representing a negative €88 million,
- the impact of discounting future lease payments at a revised discount rate, representing a negative €50 million,
- ▶ an increase in lease liabilities against right-of-use assets for **€115 million (lease remeasurements)**, corresponding mainly to revised guaranteed minimum payments under concession agreements in connection with the recovery in air traffic.

Interest expense on lease liabilities amounted to €61 million in 2022, compared to €68 million in 2021, a decrease of €7 million mainly attributable to the reduction in lease liabilities.

Lease payments represented €328 million in 2022 compared with €236 million in 2021.

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 €455 million in 2022 (€244 million in 2021), continue to be shown in external charges or in other operating expenses, including €443 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 €242 million for concession agreements in 2022 (€151 million in 2021).

The table below shows the maturity of undiscounted lease liabilities at 31 December 2022 and 2021:

Lease liabilities	31 Dec. 2023	31 Dec. 2024	31 Dec. 2025	31 Dec. 2026	31 Dec. 2027	Beyond 5 years	Total
Concession agreements	321	304	250	199	142	371	1,586
Buildings and other	84	76	68	63	58	117	466
At 31 December 2022	405	380	318	262	200	488	2,052

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

At 31 December 2022, the **residual weighted average term of concession agreements and building leases** was seven years. Concession agreements and building leases signed at 31 December 2022 but not yet effective, represented total undiscounted lease payment commitments of €12 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 €29 million at 31 December 2022, versus €18 million at end-December 2021.

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows by category:

2022 – Cost

	At 1 Jan. 2022	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	Assets held for sale	Translation adjustments	At 31 Dec. 2022
Land	49	-	-	(1)	-	-	-	48
Buildings	675	23	3	(24)	62	1	15	755
Machinery and equipment	621	49	4	(38)	60	-	7	703
Other	352	15	1	(11)	(68)	-	3	292
Assets under construction ^(*)	75	62	-	(1)	(58)	1	-	79
Total	1,772	149	8	(75)	(4)	2	25	1,877

(*) Assets under construction include property, plant and equipment and intangible assets.

2022 – Depreciation and impairment losses

	At 1 Jan. 2022	Depreciation	Impairment losses ^(**)	Changes in scope of consolidation	Disposals	Reclassifications	Assets held for sale	Translation adjustments	At 31 Dec. 2022
Land	-	-	-	-	-	-	-	-	-
Buildings	(380)	(67)	(1)	(3)	25	(26)	(1)	(9)	(462)
Machinery and equipment	(474)	(62)	(1)	(1)	36	(33)	-	(6)	(541)
Other	(245)	(23)	(1)	-	14	44	-	(2)	(213)
Assets under construction ^(*)	-	-	-	-	-	-	-	-	-
Total	(1,099)	(152)	(3)	(4)	75	(15)	(1)	(17)	(1,216)
Carrying amounts	673	(3)	(3)	4	-	(19)	1	8	661

(*) Assets under construction include property, plant and equipment and intangible assets.

(**) See note 10 for a breakdown of property, plant and equipment impairment.

2021 - Cost

	At 1 Jan. 2021	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	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

(†) Assets under construction include property, plant and equipment and intangible assets.

(**) Classification of Lagardère Travel Retail Australia and New Zealand within assets held for sale (see note 4.3).

2021 - Depreciation and impairment losses

	At 1 Jan. 2021	Depreciation	Impairment losses ^(**)	Changes in scope of consolidation	Disposals	Reclassifications	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).

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. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	2022	2021
Lagardère & Connexions	SNCF Gares & Connexions	Travel Retail	50%	50%	14	-	6	(1)
Lagardère AWPL	AWPL	Travel Retail	50%		5	-	(8)	-
Other					4	4	1	1
Joint ventures					23	4	(1)	-
S.D.A. (Société de Distribution Aéroportuaire)	ADP group	Travel Retail	45%	45%	6	-	1	(8)
Relay@ADP	ADP group	Travel Retail	50%	50%	4	-	6	(1)
Inmedio	Eurocash	Travel Retail	49%	49%	12	12	-	-
Yen Press	Kadokawa Corporation	Publishing	49%	49%	25	20	6	7
Saddlebrook International Sports	Saddlebrook International Tennis, Inc	Sports	30%	30%	5	5	-	-
Other					8	5	1	3
Total associates					60	42	14	1
Total investments in equity-accounted companies					83	46	13	1

	2022			2021		
	Total	Joint ventures	Associates	Total	Joint ventures	Associates
Investments in equity-accounted companies at beginning of year	46	4	42	52	3	49
Dividends paid	(5)	(1)	(3)	(1)	(1)	-
Share in profit (loss)	13	(1)	14	1	-	1
Impairment losses	-	-	-	-	-	-
Change in other comprehensive income	2	-	2	2	-	2
First-time consolidations/Acquisitions	10	10	1	3	-	3
Deconsolidation/Disposals ^(*)	-	-	-	(18)	-	(18)
Other ^(**)	16	12	4	7	1	6
Investments in equity-accounted companies at end of year	83	23	60	46	4	42

(*) Disposal of Éditions J'ai Lu in 2021(negative €17 million impact).

(**) Including the reclassification of €20 million within liabilities relating to provisions for the share of losses of equity-accounted companies in 2022 (€9 million in 2021).

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 Gares & Connexions, (ii) Lagardère AWPL, with AWPL, (iii) SVRLS@LAREUNION, with Servair, and (iv) Lyon Duty Free, with Lyon airport authorities.

Total revenue generated by these Travel Retail joint ventures (on a 100% basis) amounted to €510 million in 2022 versus €292 million in 2021. Fully consolidated entities invoiced joint ventures amounts of €16 million in 2022 and €7 million in 2021.

	Figures on a 100% basis		Lagardère's share (50%)	
	2022	2021	2022	2021
Total revenue	510	292	256	147
<i>Group revenue with joint ventures</i>	<i>(16)</i>	<i>(7)</i>	<i>(7)</i>	<i>(3)</i>
Adjusted revenue	494	285	247	142
Recurring operating profit (loss)	13	(1)	7	0
Profit before finance costs and tax	2	2	1	1
Profit (loss) before tax	(4)	-	(2)	-
Profit (loss) for the year	(2)	0	(1)	0
Net debt	1	(35)	1	(17)

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 the ADP group.

Total revenue generated by these Travel Retail associates (on a 100% basis) amounted to €766 million in 2022 versus €371 million in 2021. Fully consolidated entities invoiced associates amounts of €124 million in 2022 and €52 million in 2021.

	Figures on a 100% basis		Lagardère's share (50%)	
	2022	2021	2022	2021
Total revenue	766	371	383	185
<i>Group revenue with associates</i>	<i>(124)</i>	<i>(52)</i>	<i>(62)</i>	<i>(26)</i>
Adjusted revenue	642	319	321	159
Recurring operating profit (loss)	18	(17)	9	(9)
Profit (loss) before finance costs and tax	18	(15)	9	(8)
Profit (loss) before tax	17	(16)	8	(8)
Profit (loss) for the year	15	(19)	7	(10)
Net debt	(35)	(72)	(17)	(36)

NOTE 21 OTHER NON-CURRENT ASSETS**OTHER NON-CURRENT ASSETS**

Other non-current assets break down as follows:

Carrying amount	31 Dec. 2022	31 Dec. 2021
Investments in non-consolidated companies	44	44
Loans and receivables	139	144
Derivative financial instruments ^(*)	-	-
Total	183	188

(*) See note 30.1.

INVESTMENTS IN NON-CONSOLIDATED COMPANIES

Investments in non-consolidated companies include the following:

Carrying amount	31 Dec. 2022		31 Dec. 2021	
	Carrying amount	% interest	Carrying amount	% interest
FCPI Idinvest Digital Fund II	11	7%	11	7%
Other	33	-	33	-
Total	44		44	

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 2022.

Cumulative fair value adjustments on investments in non-consolidated companies at 31 December 2022 amounted to a negative €1 million.

LOANS AND RECEIVABLES

Loans and receivables can be analysed as follows:

Loans and receivables	31 Dec. 2022	31 Dec. 2021
Gross amount	212	206
Accumulated impairment losses	(73)	(62)
Carrying amount	139	144

Analysis of impairment losses	2022	2021
At 1 January	(62)	(63)
Impairment losses (recognised) reversed in the year	(5)	(4)
Other movements and translation adjustments	(6)	5
At 31 December	(73)	(62)

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 €29 million at 31 December 2022 versus €18 million at 31 December 2021.

NOTE 22 INVENTORIES

Inventories break down as follows:

	31 Dec. 2022	31 Dec. 2021
Lagardère Publishing	691	542
Lagardère Travel Retail	442	338
Other Activities	3	2
Gross amount	1,136	882
Accumulated impairment losses	(303)	(250)
Carrying amount	833	632

Analysis of impairment losses

	2022	2021
At 1 January	(250)	(233)
Impairment losses (recognised) reversed in the year	(42)	(10)
Other movements and translation adjustments	(11)	(7)
At 31 December	(303)	(250)

NOTE 23 TRADE RECEIVABLES

Trade receivables and their realisable value can be analysed as follows:

	31 Dec. 2022	31 Dec. 2021
Trade receivables (gross amount)	1,059	1,137
Accumulated impairment losses	(102)	(115)
Carrying amount	957	1,022
Of which:		
- <i>not yet due</i>	853	866
- <i>less than six months past due</i>	91	123
- <i>more than six months past due</i>	13	34
Total	957	1,023

Analysis of impairment losses

	2022	2021
At 1 January	(115)	(115)
Impairment losses (recognised) reversed in the year	12	2
Other movements and translation adjustments	1	(2)
At 31 December	(102)	(115)

Securitisation, factoring and sale of trade receivables

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 €244 million at 31 December 2022 versus €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 €58 million at 31 December 2022 versus €27 million at end-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 2022 and 2021.

NOTE 24 OTHER CURRENT ASSETS

	31 Dec. 2022	31 Dec. 2021
Receivable from authors	344	301
Recoverable taxes and payroll taxes	213	188
Prepaid expenses	75	66
Receivable from suppliers	85	76
Advances paid	59	35
Derivative financial instruments ^(*)	7	2
Loans	24	8
Other	94	60
Total	901	736
Accumulated impairment losses	(61)	(49)
Carrying amount	840	687

(*) See note 30.1 for more details on derivative financial instruments.

Analysis of impairment losses	2022	2021
At 1 January	(49)	(50)
Impairment losses (recognised) reversed in the year	(37)	(38)
Other movements and translation adjustments	25	39
At 31 December	(61)	(49)

NOTE 25 CASH AND CASH EQUIVALENTS

	31 Dec. 2022	31 Dec. 2021
Cash and cash equivalents	851	937
Short-term bank loans and overdrafts	(105)	(59)
Cash and cash equivalents, net	746	878

Cash and cash equivalents break down as follows:

	31 Dec. 2022	31 Dec. 2021
Bank accounts	848	839
Money market funds	1	95
Term deposits and current accounts maturing in less than three months	2	3
Cash and cash equivalents	851	937

Changes in working capital as reported in the statement of cash flows can be analysed as follows:

	2022	2021
Change in inventories	(182)	(90)
Change in trade receivables	93	102
Change in trade payables	53	220
Change in other receivables and payables	(37)	48
Change in lease liabilities	(6)	(4)
Changes in working capital^(*)	(79)	276

(*) Including changes in working capital relating to lease liabilities representing a negative €6 million, of which a negative €5 million in respect of concession agreements in 2022 (negative €4 million and €4 million, respectively, in 2021).

Changes in working capital represented an outflow of €79 million, compared to an inflow of €276 million in 2021.

The deterioration was due to Lagardère Publishing (€324 million outflow), which saw a significant fall in trade payables, with a particularly high level of payables to third-party publishers at end-2021 due to exceptionally high business levels during that

year. Lagardère Publishing also reported a sharp rise in inventories as a result of the need to secure supplies as well as the effects of higher prices for raw materials and services.

Working capital was €32 million higher at Lagardère Travel Retail, with lower levels of payables in 2022 and higher inventories in line with the business upturn.

NOTE 26 EQUITY

26.1 SHARE CAPITAL

At 31 December 2022, 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:

	2022	2021
Number of treasury shares held at 1 January	1,159,503	1,590,628
Purchases of treasury shares	41,933	549,398
Sales of treasury shares	(37,369)	(490,592)
Awards	-	(8,014)
Capital reduction by cancellation of treasury shares	(712,299)	(481,917)
Number of treasury shares held at 31 December	451,768	1,159,503

At 31 December 2022, shares held in treasury represented 0.32% of Lagardère SA's share capital and were allocated for the following purposes:

- 447,204 shares for future allocation to employees,
- 4,564 shares for market-making purposes.

On 17 June 2022, the agreement signed in 2008 with Crédit Agricole Cheuvreux was terminated by Lagardère SA, as a result of which 157,643 shares and €2.3 million were returned to Lagardère SA.

On 1 October 2022, a new liquidity agreement came into force with Exane, to which Lagardère SA allocated a total of €1 million.

In 2022, as part of the liquidity agreement signed with Exane for the purposes of market-making, Lagardère SA purchased 41,933 treasury shares for a total cost of €1 million and sold 37,369 treasury shares for a total of €1 million.

As well as cancelling 157,643 shares from the former liquidity agreement, the Group also carried out a number of capital reductions by cancelling 554,656 treasury shares for €14 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 2022 to the Group's senior managers and salaried employees who are beneficiaries under the 16 April 2018, 8 April 2019, 14 May 2019 and 10 October 2019 plans.

In 2021, Lagardère SA purchased 549,398 treasury shares under the liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux, for a total cost of €12 million and sold 490,592 treasury shares for a total of €11 million, generating a €1 million net disposal loss which was recorded directly in equity. This liquidity agreement was suspended on 16 September 2021 until the closing of the public tender offer for Lagardère SA.

The Group also carried out a number of capital reductions during the year, 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.

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. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	2022	2021	2022	2021
Lagardère Publishing			42	40	7	9	6	5
o/w Librairie Générale Française	40%	40%	24	23	4	4	3	3
o/w Pika Éditions	33.33%	33.33%	8	8	1	2	1	-
o/w Le Livre Scolaire	30%	30%	4	4	-	-	-	1
Lagardère Travel Retail			89	83	19	6	29	16
o/w Paradies and Hojeij Branded Foods sub-groups ^(*)	N/A	N/A	52	43	34	14	29	16
o/w Lagardère Travel Retail Asia sub-group ^(**)	23.55%	23.55%	15	34	(19)	1	-	-
o/w Creative Table Holdings Ltd	20%		12		(1)		-	
o/w Lagardère Duty Free SAS (Aelia) sub-group	9.96%	9.96%	12	1	(1)	(5)	-	-
o/w Airst sub-group	50%	50%	1	9	-	(2)	-	-
Other Activities			-	1	-	-	-	1
Total			131	124	26	15	35	22

(*) 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 non-current debt at 31 December 2021. At 31 December 2022, the non-current debt carried in the balance sheet represents €18 million.

- 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" initial public offering by 30 June 2027.

26.5 CAPITAL MANAGEMENT

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 2022, with the acquisition by Vivendi SE, first, of 17,250,529 shares tendered to the principal tender offer which closed on 9 June 2022, and then of 436,712 additional shares acquired between July and December 2022 as a result of exercising the call option granted under the subsidiary tender offer.

At 31 December 2022, the four largest shareholders held more than 88% 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. In accordance with stock market regulations, the liquidity agreement was suspended as soon as the public tender offer was announced in September 2021, and only resumed after the offer was closed. This agreement was terminated on 17 June 2022. In September 2022, the Company entered into a new liquidity agreement, effective 1 October 2022.

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. As part of these operations, the Company may be required to purchase shares on the market.

In April 2022, the Group signed a new amendment to its syndicated credit facility, which extends its maturity to April 2024 and provides for an option to further extend the maturity to April 2026 subject to the agreement of the lending banks. It contains default clauses which include a covenant 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)

The components of **other comprehensive income (expense)** can be analysed as follows:

	2022			2021		
	Attributable to owners ⁽¹⁾	Minority interests	Total equity	Attributable to owners ⁽¹⁾	Minority interests	Total equity
Translation reserve	56	4	60	120	3	123
- Currency translation adjustments	55	4	59	120	3	123
- Share of other comprehensive income (expense) of equity-accounted companies, net of tax	1	-	1	-	-	-
Valuation reserve	(26)	-	(26)	(26)	-	(26)
Change in fair value of derivative financial instruments	(26)	-	(26)	(26)	-	(26)
- Unrealised gains (losses) recognised directly in equity	(31)	-	(31)	(32)	-	(32)
- Amounts reclassified from equity to profit or loss	-	-	-	-	-	-
- Tax effect	5	-	5	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	(5)	-	(5)	20	-	20
Change in provisions for pensions and other post-employment benefit obligations	(5)	-	(5)	20	-	20
- Actuarial gains and losses on pensions and other post-employment benefit obligations	(8)	-	(8)	26	-	26
- Tax effect	3	-	3	(6)	-	(6)
Other comprehensive income (expense) for the year, net of tax	25	4	29	114	3	117

⁽¹⁾ 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. 2022	31 Dec. 2021
US dollar:	€74m	€85m
Pound sterling:	€(23)m	€36m
Other:	€4m	€(1)m
Total	€56m	€120m

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.

Note that in 2021, the IFRS IC had issued the agenda decision, "IFRS IC – IAS 19 – Attributing Benefit to Periods of Service", which was effective for the consolidated financial statements at 31 December 2021. This represented 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 at 1 January 2021.

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 2022, the plans in effect in the United Kingdom represented an aggregate obligation of €155 million (64% of the Group's total obligation) and plan assets amounted to €157 million (87% 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 2022, they represented an aggregate obligation of €40 million (17% 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

	2022	2021
Present value of benefit obligation at beginning of year	365	380
Impact of the application of IFRIC - IAS 19	-	(10)
Current service cost	7	8
Plan amendments/Curtailments	2	(2)
Settlements	(2)	(2)
Interest expense	5	4
Employee contributions	-	-
Benefits paid	(19)	(12)
Actuarial (gains) and losses from changes in demographic assumptions	-	(1)
Actuarial (gains) and losses from changes in financial assumptions	(114)	(18)
Actuarial (gains) and losses from experience adjustments	8	(2)
Changes in scope of consolidation and assets held for sale	(1)	1
Translation adjustments and other	(6)	19
Present value of benefit obligation at end of year	245	365
Present value of benefit obligation at end of year for funded plans	192	295
Present value of benefit obligation at end of year for unfunded plans	53	70

Change in fair value of plan assets

	2022	2021
Fair value of plan assets at beginning of year	305	280
Interest income	5	4
Effect of remeasurements	(114)	5
Employee contributions	-	-
Employer contributions	4	5
Benefits paid	(11)	(8)
Settlements	-	-
Changes in scope of consolidation	-	-
Translation adjustments and other	(9)	19
Fair value of plan assets at end of year	180	305

Asset allocation at 31 December

	2022	2021
Shares	5%	5%
Bonds	57%	37%
Real estate	2%	1%
Money market instruments	6%	17%
Other	30%	40%

Calculation of net benefit obligation at 31 December

	2022	2021	2020	2019	2018
Present value of benefit obligation	245	365	380	365	358
Fair value of plan assets	(180)	(305)	(280)	(268)	(229)
Unrecognised past service cost	-	-	-	-	-
Net amount recognised as a provision	65	60	100	97	129

Movements in the provision recognised in the balance sheet

	2022	2021
Provision at beginning of year	60	100
Net expense for the year	7	4
Impact of the application of IFRIC - IAS 19	-	(10)
Actuarial (gains) and losses recognised in equity	8	(26)
Employer contributions	(4)	(5)
Benefits paid by the employer	(8)	(4)
Changes in scope of consolidation and assets held for sale	(1)	1
Translation adjustments and other	3	-
Provision at end of year ^(*)	65	60

(*) Including €67 million in provisions for post-employment benefit obligations and a negative amount of €2 million recognised under other non-current assets for two overfunded plans.

Calculation of net expense for the year

	2022	2021
Current service cost	7	8
Plan amendments/Curtailments	2	(2)
Settlements	(2)	(2)
Interest expense	-	-
Actuarial gains and losses on other employee benefits	-	-
Net expense (income) recognised in the income statement	7	4
Actuarial (gains) and losses from changes in demographic assumptions	-	(1)
Actuarial (gains) and losses from changes in financial assumptions	(114)	(18)
Actuarial (gains) and losses from experience adjustments	8	(2)
Excess of actual return on plan assets	114	(5)
Effect of asset ceiling	-	-
Remeasurement of the net liability recognised in equity	8	(26)
Net expense for the year	15	(22)

Actuarial assumptions used to calculate benefit obligations

	2022	2021
Discount rate: weighted average for all countries including:		
- Eurozone ^(*)	4.45%	1.65%
- United Kingdom ^(*)	3.70%	1.05%
	4.70%	1.80%
Average expected rate of benefit increase	2.90%	3.17%
Average expected rate of salary increase	2.12%	1.55%
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 eurozone is the iBoxx Corporate AA.

Experience gains and losses recognised in equity

	2022	2021
Difference between actual and expected return on plan assets		
Gains (losses)	(114)	5
Percentage of plan assets at year-end	-63.18%	1.43%
Experience adjustments		
Losses (gains)	8	(2)
Percentage of present value of plan liabilities at year-end	3.22%	-0.48%

Sensitivity of the obligation at 31 December 2022 to changes in the discount rate

	0.5% increase	0.5% decrease
Impact on present value of benefit obligation	(13)	14
Weighted average duration of obligations	12 years	

Expected employer contributions

	2022	2021
Expected employer contributions	3	3

Actuarial gains and losses recognised directly in equity

	2022	2021
Actuarial gains (losses) at 1 January	(26)	(46)
Change during the year:		
- in value of benefit obligation	106	21
- in fair value of plan assets	(114)	5
Actuarial gains (losses) at 31 December	(34)	(20)
Deferred tax impact	3	(6)
Actuarial gains (losses), net of tax at 31 December	(31)	(26)

27.2 OTHER PROVISIONS

Current and non-current provisions for contingencies and losses primarily cover the following:

	31 Dec. 2022	31 Dec. 2021
Restructuring and withdrawal costs	16	24
Claims and litigation	27	37
Other contingencies	189	226
Total	232	287
Of which:		
- non-current provisions	121	141
- current provisions	111	146

2022	At 1 Jan. 2022	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifications	At 31 Dec. 2022
Future losses on long-term contracts and other contracts	-	-	-	-	-	-	-	-
Restructuring and withdrawal costs	24	-	-	6	(6)	(10)	2	16
Claims and litigation	37	-	-	9	(4)	(12)	(3)	27
Other contingencies	226	1	(7)	35	(23)	(24)	(19)	189
Total	287	1	(7)	50	(33)	(46)	(20)	232

2021	At 1 Jan. 2021	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifications	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

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. 2022	31 Dec. 2021
Bonds	1,292	1,639
Bank loans	256	259
Debt related to put options granted to minority shareholders	65	45
Medium-term notes (NEU MTN ^(*))	-	5
Other debt	15	15
Non-current debt excluding financial instruments designated as hedges of debt	1,628	1,963
Financial instruments designated as hedges of debt	19	8
Non-current debt	1,647	1,971
Bonds	350	-
Bank loans	3	55
Syndicated credit facility	-	-
Debt related to put options granted to minority shareholders	1	1
Medium-term notes (NEU MTN ^(*))	5	-
Commercial paper (NEU CP ^(**))	371	338
Other debt	182	105
Current debt excluding financial instruments designated as hedges of debt	912	499
Financial instruments designated as hedges of debt	8	2
Current debt	920	501
Total debt	2,567	2,472

(*) Negotiable Euro Medium-Term Notes.

(**) Negotiable European Commercial Paper.

The main movements in debt during 2022 were as follows:

- continuation of the commercial paper programme with a ceiling of €850 million. Debt issuance under the programme represented €371 million at 31 December 2022 versus €338 million at 31 December 2021,
- continuation of the Negotiable European Medium Term Notes programme with a ceiling of €200 million. At 31 December 2022, €5 million worth of notes due within one year had been issued under this programme. At 31 December 2021, debt issuance under the programme represented €5 million due in more 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. 2021	Cash flows	Changes in scope of consolidation	Effect of changes in exchange rates	Changes in fair value	Other movements	31 Dec. 2022
Bonds	1,639	-	-	-	-	(347)	1,292
Bank loans	259	(3)	-	-	-	-	256
Medium-term notes (NEU MTN ^(*))	5	-	-	-	-	(5)	-
Other debt	15	-	(5)	-	-	5	15
Financial instruments designated as hedges of debt	8	-	-	-	6	5	19
Non-current liabilities arising from financing activities	1,926	(3)	(5)	-	6	(342)	1,582
Bonds	-	-	-	-	-	350	350
Bank loans	55	(50)	-	(2)	-	-	3
Syndicated credit facility	-	-	-	-	-	-	-
Commercial paper and debt securities (NEU MTN ^(*) and NEU CP ^(**))	338	33	-	-	-	5	376
Other debt	29	21	-	9	-	1	60
Financial instruments designated as hedges of debt	2	-	-	-	12	(6)	8
Current liabilities arising from financing activities	424	4	-	7	12	350	797
Total liabilities arising from financing activities^(***)	2,350	1	(5)	7	18	8	2,379
Debt related to put options granted to minority shareholders	46	-	-	(1)	4	17	66
Short-term bank loans and overdrafts	59	23	20	4	-	(1)	105
Accrued interest	17	(10)	-	-	12	(2)	17
Total debt	2,472	14	15	10	34	22	2,567

(*) Negotiable Euro Medium-Term Notes.

(**) Negotiable European Commercial Paper.

(***) Net cash flows of total liabilities arising from financing activities for €1 million correspond to increases (€74 million) and decreases (€73 million) shown in the consolidated statement of cash flows.

Net debt breaks down as follows:

(in millions of euros)	31 Dec. 2022	31 Dec. 2021
Short-term investments and cash and cash equivalents	851	937
Financial instruments designated as hedges of debt with a positive fair value	3	-
Non-current debt ^(*)	(1,647)	(1,971)
Current debt ^(*)	(920)	(501)
Net debt	(1,713)	(1,535)

(*) At 31 December 2022, current and non-current debt included financial instruments designated as hedges of debt with a negative fair value, representing €8 million and €19 million.

28.2 ANALYSIS OF DEBT BY MATURITY

Debt can be analysed as follows by maturity at **31 December 2022**:

	2023 ^(*)	2024	2025	2026	2027	Beyond 5 years	Total
Bonds	350	299	-	497	496	-	1,642
Bank loans	3	187	1	65	1	2	259
Financial instruments designated as hedges of debt	8	13	-	7	-	-	27
Debt related to put options granted to minority shareholders	1	3	2	1	2	56	66
Commercial paper ^(**)	376	-	-	-	-	-	376
Other debt	182	7	2	1	-	5	197
At 31 December 2022	920	509	5	571	499	63	2,567

(*) 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 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
Syndicated credit facility	-	-	-	-	-	-	-
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.

28.3 CHARACTERISTICS OF BONDS AND MAIN BANK LOANS

The following tables provide an analysis of bonds and bank loans:

31 Dec. 2022	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	350	(8)	342	2.90%
21 June 2017 seven-year bond issue, for €300 million	299	(12)	287	1.81%
16 October 2019 seven-year bond issue, for €500 million	498	(7)	491	2.26%
7 October 2021 six-year bond issue, for €500 million	495		495	1.96%
Bonds	1,642	(27)	1,615	
Other debt	259		259	
Bank loans	259		259	
Total	1,901	(27)	1,874	

(*) 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 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	0	494	1.96%
Bonds	1,639	8	1,647	
Other debt	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.

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:

31 December 2022	Before hedging		After hedging	
		%		%
Eurozone	2,456	95.7%	1,773	69.1%
US dollar	24	0.9%	520	20.3%
Pound sterling	-	0.0%	39	1.5%
Australian dollar	-	0.0%	54	2.1%
Canadian dollar	2	0.1%	37	1.4%
Chinese yuan	71	2.8%	71	2.8%
Hong Kong dollar	-	0.0%	49	1.9%
Other	14	0.5%	24	0.9%
Total	2,567	100.0%	2,567	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 132% (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 €1,429 million, while total liquidity reserves represent €1,893 million (€851 million in cash and cash equivalents and short-term investments and €1,042 million in confirmed undrawn credit lines, corresponding to the syndicated credit line).

The liquidity reserve relates mainly to the syndicated credit facility contracted in May 2015 for €1,250 million.

A further amendment to the syndicated credit facility was signed on 21 April 2022, adjusting the amount of the facility to €1,042 million and extending its maturity from March 2023 to April 2024 for an amount of €982 million, with the option to further extend the maturity to April 2026 subject to the agreement of the banks.

This amendment provides for a return to the half-yearly application of the initial financial covenant (financial leverage) as of 30 June 2022, which must be less than 4.5x at 30 June and 31 December 2022, less than 4.0x as of 30 June 2023 and less than 3.5x as of 31 December 2023.

At 31 December 2022, no amounts had been drawn on the entire available reserve of €1,042 million.

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 64% of total gross debt at 31 December 2022 (66% of total gross debt at end-2021). 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 leverage ratio of net debt to adjusted EBITDA.

Net debt is defined in note 3.2 and is calculated as set out in note 28.

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.

Following the signature of the agreement to amend and extend the syndicated credit facility dated 21 April 2022, this ratio is applicable with effect from 30 June 2022 at a threshold of 4.5x.

The amendment states that the maximum dividend that may be paid in 2023 in respect of 2022 is €1.30 per share. The €1.30 per-share payout cap can be waived for 2023 if the leverage ratio is below 3.5x.

There is also a ceiling 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.

At 31 December 2022, the leverage ratio is 2.9x.

Interest rate risks

72% of current and non-current borrowings (excluding liabilities related to minority puts and accrued interest) are at fixed rates.

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 €851 million at 31 December 2022. Variable-rate debt stood at €697 million at 31 December 2022 (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 2022 a sudden rise in interest rates would have a limited impact on the Group's net finance costs.

At 31 December 2022, 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 2022, the foreign currency hedges set up for all of the Group's divisions – in the form of direct forward agreements – amounted to €97 million (sales) and €104 million (purchases).

The Group does not hedge the income statement translation risk. Its main exposures in this respect are given below.

The percentage of 2022 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	41%
► US dollar	26%
► Pound sterling	11%
► Other	22%
Total	100%

Based on accounting data for 2022, 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 2022 recurring operating profit (loss)
US dollar ^(*)	€(22)m
Pound sterling ^(**)	€(9)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 €252 million at 31 December 2022.

For long-term investments including acquisitions, the Group may set up medium-term borrowings in the investment currency. At 31 December 2022, instruments classified as net investment hedges represented an amount of €450 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. 2022	Market capitalisation at 31 Dec. 2022
Lagardère SA	451,768	0.32%	€20.04	€9,053,431
Pension plan assets invested in equities				€9,650,817

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 €181 million at 31 December 2022, of which 5%, or €8 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. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	2022	2021
Cross-currency swaps designated as hedges of debt ^(*)	Net investment	405	380	(27)	(8)	(19)	(24)
Currency swaps designated as hedges of debt ^(*)	Fair value	513	697	4	(2)	-	-
Operating currency hedges (forward purchases and sales)	Cash flows and fair value	200	186	(1)	1	-	2
Total		1,118	1,263	(24)	(9)	(19)	(22)

(*) The change in the fair value of financial instruments designated as hedges of debt represented a negative €19 million at 31 December 2022 and related to cross-currency swaps. It is recognised in other comprehensive income.

Details of the cross-currency swaps hedging debt at 31 December 2022 are as follows:

Nominal amounts represent USD 430 million, with maturities at April 2023, June 2024 and June 2026. At 31 December 2021, 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 €957 million at 31 December 2022. 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:

(%)	2022	2021
Largest customer	7.7	8.7
Five largest customers	12.4	14.8
Ten largest customers	15.4	19.1

The Group's short-term investments and cash and cash equivalents totalled €851 million at 31 December 2022. 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 €181 million (including €157 million in the United Kingdom). A total of 57% of these assets are invested in bonds.

Hedging contracts are primarily entered into to hedge foreign exchange risks. Their notional amount was €1,118 million at 31 December 2022. 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 Group Funding and Treasury 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. 2022	31 Dec. 2021
Derivative financial instruments with a positive fair value – Assets	7	2
- Financial instruments designated as hedges of debt	4	-
- Currency swaps (effective portion)	3	2
Derivative financial instruments with a negative fair value – Liabilities	(31)	(12)
- Financial instruments designated as hedges of debt	(27)	(10)
- Currency swaps (effective portion)	(4)	(2)
Total (net)	(24)	(10)

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30.2 FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

	31 Dec. 2022		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	45	45			45		
Other non-current financial assets	139	139	139				
Trade receivables	957	957	957				
Derivative financial instruments	7	7					7
Other current financial assets	833	833	833				
Short-term investments	-	-			-		
Cash equivalents	1	1				1	
Cash and cash equivalents	850	850	850				
Assets	2,832	2,832	2,779		45	1	7
Bonds and bank loans	1,901	1,848		1,901			
Other debt	639	639		639			
Other non-current financial liabilities	40	40	40				
Trade payables	1,379	1,379	1,379				
Derivative financial instruments	31	31					31
Other current financial liabilities	1,361	1,361	1,361				
Liabilities	5,351	5,298	2,780	2,540			31

(1) There were no reclassifications between categories of financial instruments in 2022.

	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.

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: instruments listed in an active market.

Level 2: instruments valued using techniques based on observable market data.

Level 3: instruments 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⁾			Acquisition cost
	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	
31 Dec. 2022							
Investments in non-consolidated companies	44						44
- FCPI Idinvest Digital Fund II	11						11
- Other	33						33
Derivative financial instruments with a positive fair value			7		7		
Short-term investments	-			-			
- Shares	-			-			
- Bonds	-			-			
Cash equivalents		1		1			
- Marketable securities		1		1			
Total financial instruments with a positive fair value	44	1	7	1	7		44
Derivative financial instruments with a negative fair value			31		31		
Total financial instruments with a negative fair value			31		31		

(1) There were no reclassifications between categories of financial instruments in 2022.

(2) There were no reclassifications between fair value hierarchy levels in 2022.

	Category of instrument ⁽¹⁾			Fair value hierarchy ⁽²⁾			Acquisition cost
	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	
31 Dec. 2021							
Investments in non-consolidated companies	44						44
- FCPI Idinvest Digital Fund II	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.

NOTE 31 OTHER LIABILITIES

Other liabilities break down as follows:

	31 Dec. 2022	31 Dec. 2021
Due to suppliers of non-current assets	21	20
Total contract liabilities	15	14
Other liabilities	18	18
Other non-current liabilities	54	52
Accrued taxes and payroll costs	440	385
Refund liabilities	315	345
Due to authors	305	290
Total contract liabilities	4	3
Due to customers	115	99
Deferred income	50	52
Advances and prepayments	9	8
Derivative financial instruments ^(*)	4	2
Sundry payables	123	90
Other current liabilities	1,365	1,274
Total other liabilities	1,419	1,326

(*) 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 2022, the estimated amount of returns recognised within refund liabilities was €315 million, versus €345 million at 31 December 2021.

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. 2022	31 Dec. 2021
Bonds, bank loans and syndicated credit facilities (net of derivatives)	361	1,565	2	1,928	1,963
Other debt	559	18	62	639	509
Other non-current financial liabilities	2	17	21	40	39
Trade payables	1,379	-	-	1,379	1,298
Currency swaps	4	-	-	4	12
Other current financial liabilities	1,361	-	-	1,361	1,268
Total financial liabilities	3,666	1,600	85	5,351	5,089
Expected bank interest on debt ^(*)	30	82	-	112	172
Commitments for future capital expenditure	2	6	-	8	10
Total contractual obligations excluding lease liabilities	3,698	1,688	85	5,471	5,271

(*) Variable-rate interest payable has been calculated based on the rates in force at 31 December 2022. 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. 2022	31 Dec. 2021
Commitments given in the normal course of business	602	549
Guarantees and performance bonds	338	409
Guarantees given to third parties and non-consolidated companies	173	116
Other commitments given	48	19
Commitments on assets	40	1
Commitments to purchase shares (estimated amount, excluding put options granted to minority shareholders of fully consolidated subsidiaries)	3	4
Commitments received	85	5
Counter-guarantees of commitments given	81	-
Other commitments received	4	5
Confirmed, unused lines of credit	1,042	1,114
<i>Of which unused lines on the syndicated credit facility</i>	<i>1,042</i>	<i>1,102</i>

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 (a subsidiary of Hachette Livre) was held liable for territorial exclusivity practices with the intention or effect of partitioning the Swiss French-language publishing market. Under this decision, the infringement concerned services provided to publishers of the Hachette group, services provided by Hachette, and Swiss third-party publishers.

This decision was upheld by the Swiss Administrative Court on 30 October 2019.

On 13 January 2020, Diffulivre filed an appeal with the Federal Court, which suspended the effects of the Administrative Court's ruling.

In a decision handed down on 3 August 2022, the Federal Court partially accepted Diffulivre's appeal, considering that only the agreements between Diffulivre and the Swiss publishers, as well as an agreement between Diffulivre and the publisher Harlequin, infringed Swiss competition law. It referred the case back to the

Swiss Administrative Court, which will reduce the fine imposed by the Comco in 2013 accordingly.

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 ("HBG"). The plaintiffs allege that some of the publishers' agreements with Amazon constitute price-fixing arrangements in breach of US anti-trust law. The defendants, including HBG, dispute these allegations, along with the admissibility of the class action. These motions to dismiss were granted by a decision dated 29 September 2022, with the judge considering that the appeals lacked sufficient evidence to succeed. However, as they were dismissed "without prejudice", the plaintiffs can amend and re-file their class actions.

Amended appeals were therefore filed on 21 November 2022, reiterating the arguments already put forward and attempting to resolve the problems identified in the 29 September 2022 ruling. The defendants, including HBG, have again filed motions to dismiss.

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. On 22 March 2022, the Supreme Court upheld one of the appeal rulings in favour of LTR. The Supreme Court's rulings on the other two appeal decisions have not yet been handed down.

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 €20.1 million, including taxes and penalties. LS Travel Retail Italia is disputing 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.

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 initiated a class action filed in the United States in July 2021. The Paradies Shops filed a motion to dismiss the class action, which was granted by the judge in August 2022. The plaintiff has appealed this decision.

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. In 2022, a final appeal decision in favour of the Group has marked the end of one of these proceedings, in which very high claims for compensation were made against the Group.

Disputes that continue to be managed by the Group following the sale of the Sports division to H.I.G. Capital

► WSG India and WSG Mauritius/Indian Premier League contracts

In 2007, the Board of Control for Cricket in India (BCCI) 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 16 March 2022, the Bombay High Court issued a ruling granting WSG India's application to set aside the arbitration award handed down on 13 July 2020. The BCCI has appealed.

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 €13.1 million at 31 December 2022. 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 the Comesa zone concerning the commercialisation of the rights of the Confederation of African Football**

In February 2017, the Competition Commission (CCC) entrusted with merger regulation in the Common Market of Eastern and Southern Africa (COMESA) opened an investigation into the commercialisation of the media and marketing rights for tournaments of the Confederation of African Football (CAF), covering two agency agreements signed by the CAF with Sportfive (formerly Lagardère Sports) and its sister company IFAP, along with 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.

A decision handed down on 16 December 2022 by the CCC Appeals Board declared binding the commitments undertaken by

the CAF as to the award of intermediation rights for the media and marketing rights of its competitions, and closed the investigation into the two aforementioned agency agreements, without finding any infringement or imposing any sanction.

► **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. Challenging this decision, Sportfive initiated arbitration proceedings against the CAF on 6 December 2019, in which it is seeking damages for the harm caused. The CAF made several counterclaims.

A settlement agreement was reached in November 2022, putting a definitive end to the dispute between the parties and leading to their withdrawal from the arbitration proceedings in December 2022.

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 2022 amounts to €13.6 million and to €39.8 million including related payroll costs. The latter figure includes (i) the provisions set aside for the supplementary pension plans for which the members of the Executive Committee are eligible, as well as (ii) contractual severance (€17 million including payroll costs) paid to a member of the Executive Committee in respect of the termination of his duties in 2022. As for each year, these amounts include variable and extraordinary remuneration, the payment of which – in the case of executive corporate officers – is conditional on the approval of shareholders at the 2023 General Meeting in accordance with "say on pay" legislation.

In 2021, these amounts were €14 million and €21.63 million, respectively, and the latter figure included (i) a provision set aside for the supplementary pension plan and (ii) accrued holiday pay and termination benefits paid to a member of the Executive Committee member in connection with his retirement in 2021.

In 2022, an amount of €85,413 was awarded to Arnaud Lagardère in respect of his role as Chairman of the Board of Directors of Lagardère SA and member of the Board's *ad hoc* Committee. In 2021, he was awarded an amount of €22,319 solely in respect of his role as Chairman of the Board of Directors of Lagardère SA for a period of six months. No other compensation was awarded by any Group entity to any of the other individuals concerned. Executive Committee members were awarded 165,000 free shares in 2022. Executive Committee members were awarded 139,000 free shares in 2021.

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 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 executives' 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, which was originally entered into in 1988. Since 2020, this agreement has concerned Lagardère Management and Lagardère Ressources, which is responsible for managing all of the Group's corporate resources. This agreement, subject to rules on "regulated" related-party agreements where appropriate, is reviewed annually by the Audit Committee and by the Board of Directors and is also referred to in the Statutory Auditors' special report.

Since the 2004 amendment to the agreement authorised by the Supervisory Board on 12 March 2004 following the Audit Committee review, remuneration under the service agreement had equalled the amount of expenses incurred in carrying out its mission, plus a margin of 10%, capped in absolute value terms at €1 million.

Pursuant to an amendment signed on 28 December 2022 after authorisation by the Board of Directors on 9 December 2022, Lagardère Management's remuneration under the Service Agreement was amended with immediate effect from 2022. Under the new

amendment, Lagardère Management's remuneration reflects the expenses it incurs in performing the services concerned, with no margin applied

These expenses incurred by Lagardère Management 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 2022 total €34.23 million (€24.74 million for 2021). 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 2023 General Meeting for approval.

The amendment entered into on 28 December 2022 also provides for (i) the definitive and unconditional waiver by Lagardère

Management of its claim against the Lagardère group for the payment of sums due under the conditional benefit pension plan closed in 2019 and (ii) Lagardère Management's undertaking to use its best efforts to obtain the refund of any surplus sums that may remain in the pension plan's collective fund after having settled the pension benefits owed to the last beneficiary, and to repay any such sums to Lagardère Ressources.

Other transactions

The other transactions with related parties in 2022 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 2022 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

(in thousands of euros)	2022			
	Mazars	%	Ernst & Young et Autres	%
Statutory audit, certification, review of individual and consolidated financial statements	3,966	89.8	2,528	71.0
- Lagardère SA	308	7.0	294	8.3
- Fully consolidated subsidiaries	3,658	82.8	2,234	62.8
Sub-total	3,966	89.8	2,528	71.0
Non-audit services	452	10.2	1,031	29.0
- Lagardère SA	-	-	634	17.8
- Fully consolidated subsidiaries	452	10.2	398	11.2
Sub-total	452	10.2	1,031	29.0
Total	4,418	100.0	3,559	100.0

(in thousands of euros)	2021			
	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

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 2022**

Companies controlled and fully consolidated at 31 December 2022:

SUBSIDIARIES	REGISTERED OFFICE	REG. NO.	% interest	% control
LAGARDÈRE PUBLISHING				
HACHETTE LIVRE	VANVES (FRANCE)	602 060 147	100.00	100.00
AUDIOLIB	PARIS (FRANCE)	499 165 694	59.99	100.00
BIBLIO PARTICIPATIONS	VANVES (FRANCE)	377 627 583	100.00	100.00
BLACKROCK GAMES	WIMEREUX (FRANCE)	493 708 317	89.00	89.00
BRAGELONNE	PARIS (FRANCE)	849 689 997	100.00	100.00
BRAINBOW LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00
CALMANN LÉVY	PARIS (FRANCE)	572 082 279	84.92	84.92
CENTRE DE TRAITEMENT DES RETOURS	LONGJUMEAU (FRANCE)	381 737 519	100.00	100.00
CYBERTERRE	VANVES (FRANCE)	434 661 419	50.00	100.00 ^(*)
DIFFULVRE	SAINT SULPICE (SWITZERLAND)		100.00	100.00
DILIBEL	ALLEUR (BELGIUM)		100.00	100.00
DUNOD ÉDITEUR	MALAKOFF (FRANCE)	316 053 628	100.00	100.00
EDELSA	MADRID (SPAIN)		100.00	100.00
ÉDITIONS ALBERT RENÉ	VANVES (FRANCE)	950 026 757	100.00	100.00
ÉDITIONS JEAN-CLAUDE LATTÈS	PARIS (FRANCE)	682 028 659	100.00	100.00
ÉDITIONS LAROUSSE	PARIS (FRANCE)	451 344 170	100.00	100.00
ÉDITIONS STOCK	PARIS (FRANCE)	612 035 659	100.00	100.00
ÉDUCATION MANAGEMENT	MALAKOFF (FRANCE)	582 057 816	100.00	100.00
FAYARD FACTORY	PARIS (FRANCE)	881 893 739	100.00	100.00
GIGAMIC	WIMEREUX (FRANCE)	382 915 882	100.00	100.00
GROUPE HATIER INTERNATIONAL	MALAKOFF (FRANCE)	572 079 093	100.00	100.00
GRUPO PATRIA CULTURAL	MEXICO CITY (MEXICO)		100.00	100.00
HL 93	VANVES (FRANCE)	390 674 133	99.99	100.00
HL FINANCES	MALAKOFF (FRANCE)	384 562 070	99.99	100.00
HACHETTE BOARDG GAMES UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE BOARDGAMES USA	NEW YORK (UNITED STATES)		75.01	100.00
HACHETTE CANADA INC.	MONTREAL (CANADA)		100.00	100.00
HACHETTE COLLECTIONS	VANVES (FRANCE)	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	PARIS (FRANCE)	808 683 718	90.00	100.00
ICE PARTICIPATIONS	VANVES (FRANCE)	829 164 110	95.09	100.00
ISCOOL ENTERTAINMENT	PARIS (FRANCE)	435 269 170	95.09	100.00
KWYK	PARIS (FRANCE)	537 961 369	100.00	100.00
LA DIFF	VANVES (FRANCE)	429 980 857	100.00	100.00

(*) The limited partnership confers control to Lagardère Publishing.

SUBSIDIARIES	REGISTERED OFFICE	REG. NO.	% interest	% control
LA BOÎTE DE JEU SAS	ARCEAU (FRANCE)	798 675 047	56.67	100.00
LA PLAGE	VANVES (FRANCE)	445 282 163	100.00	100.00
LAROUSSE	PARIS (FRANCE)	401 457 213	100.00	100.00
LAROUSSE EDITORIAL SL	BARCELONA (SPAIN)		100.00	100.00
LELIVRESCOLAIRE.FR Editions	LYON (FRANCE)	524 383 585	70.00	70.00
LIBRAIRIE ARTHÈME FAYARD	PARIS (FRANCE)	562 136 895	100.00	100.00
LIBRAIRIE GÉNÉRALE FRANÇAISE (LGF)	PARIS (FRANCE)	542 086 749	59.99	100.00
OSMOSE	WIMEREUX (FRANCE)	449 308 675	100.00	100.00
PIKA ÉDITION	VANVES (FRANCE)	428 902 704	66.67	100.00
SAMAS	MALAKOFF (FRANCE)	775 663 321	100.00	100.00
STUDIO 58	VANVES (FRANCE)	831 212 527	100.00	100.00
SOCIÉTÉ DES ÉDITIONS GRASSET ET FASQUELLE	PARIS (FRANCE)	562 023 705	99.08	100.00
SCORPION MASQUE INC.	MONTREAL (CANADA)		51.00	51.00
HATIER GROUP				
LES ÉDITIONS HATIER	PARIS (FRANCE)	352 585 624	100.00	100.00
LIBRAIRIE PAPETERIE NATIONALE	CASABLANCA (MOROCCO)		100.00	100.00
RAGEOT ÉDITEUR	PARIS (FRANCE)	572 022 978	100.00	100.00
SCI ASSAS RASPAIL	PARIS (FRANCE)	315 844 431	100.00	100.00
SCI DU 63 BOULEVARD RASPAIL	PARIS (FRANCE)	315 830 034	100.00	100.00
SCI DU 8-8 BIS RUE D'ASSAS	PARIS (FRANCE)	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
EDICIONES XERAIS DE GALICIA SA	VIGO (SPAIN)		100.00	100.00
GRUPO EDITORIAL BRUNO SL	MADRID (SPAIN)		100.00	100.00
ORION GROUP				
ORION PUBLISHING GROUP 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
DEBEN PUBLISHING LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00
EDWARD ARNOLD (PUBLISHERS) 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

SUBSIDIARIES	REGISTERED OFFICE	REG. NO.	% interest	% control
H H ESOP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ILLUMINATE PUBLISHING LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00
JESSICA KINGSLEY (PUBLISHERS) 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
JOHN CATT EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JOHN CATT PUBLICATIONS LLC	LONDON (UNITED KINGDOM)		100.00	100.00
NEON PLAY LTD	LONDON (UNITED KINGDOM)		69.53	69.53
PAPERBLANKS LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00
PAPERBLANKS JOURNALS LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
STORYFIRE 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
HOW TO BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LITTLE, BROWN & COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MANDEVILLE PUBLISHING 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
STOREY PUBLISHING LLC	NEW YORK (UNITED STATES)		100.00	100.00
TIMBER PRESS, INC.	NEW YORK (UNITED STATES)		100.00	100.00
WORKMAN PUBLISHING CO. INC.	NEW YORK (UNITED STATES)		100.00	100.00
WPC HOLDING, INC.	NEW YORK (UNITED STATES)		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
SHORT BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SUMMERDALE PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL				
LAGARDÈRE TRAVEL RETAIL	LEVALLOIS-PERRET (FRANCE)	330 814 732	100.00	100.00
ELIA NOUVELLE CALÉDONIE	NOUMEA (FRANCE)	103 551 800	59.43	66.00

SUBSIDIARIES	REGISTERED OFFICE	REG. NO.	% interest	% control
AÉROBOUTIQUE FRANCE	LEVALLOIS-PERRET (FRANCE)	380 193 938	90.04	100.00
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
NYAKA FRUITS SRL	IASI (ROMANIA)		100.00	100.00
CREATIVE TABLE HOLDINGS LTD	ABU DHABI (UNITED ARAB EMIRATES)		80.00	100.00
DUTY FREE STORES GOLD COAST PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
DUTY FREE ASSOCIATES	LEVALLOIS-PERRET (FRANCE)	423 402 312	90.04	100.00
DUTY FREE STORE GOLD COAST PTY LIMITED	COOLANGATTA (AUSTRALIA)		100.00	100.00
HACHETTE DISTRIBUTION INC	TORONTO (CANADA)		100.00	100.00
HDS CANADA	MONTREAL (CANADA)		100.00	100.00
HWH CAFÉ LLC	DUBAI (UNITED ARAB EMIRATES)		80.00	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 POLAND SP ZOO	WARSAW (POLAND)		100.00	100.00
INMEDIO SERVICES SP ZOO	WARSAW (POLAND)		100.00	100.00
LAGARDÈRE DUTY FREE	LEVALLOIS-PERRET (FRANCE)	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	LEVALLOIS-PERRET (FRANCE)	408 053 809	90.04	100.00
LAGARDÈRE TRAVEL RETAIL ASIA Co., LTD	HONG KONG (CHINA)		76.45	100.00
LAGARDÈRE TRAVEL RETAIL ASIA DUTY FREE Co., LIMITED	HONG KONG (CHINA)		76.45	100.00
LAGARDÈRE TRAVEL RETAIL BEVCO LTD	DAR ES SALAAM (TANZANIA)		50.00	50.00
LAGARDÈRE 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 FRANCE	LEVALLOIS-PERRET (FRANCE)	542 095 336	100.00	100.00
LAGARDÈRE 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
LAGARDÈRE TRAVEL RETAIL JAPAN K.K.	TOKYO (JAPAN)		76.45	100.00
LAGARDÈRE TRAVEL RETAIL MAURITANIE SAS	OUM TOUNSI (MAURITANIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL PERU SAC	CALLAO (PERU)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL ROMANIA SRL	BUCHAREST (ROMANIA)		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 LATAM S.A.C	CALLAO (PERU)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL MIDDLE EAST	DUBAI (UNITED ARAB EMIRATES)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL NETHERLANDS HOLDING BV	AMSTERDAM (NETHERLANDS)		90.04	100.00

SUBSIDIARIES	REGISTERED OFFICE	REG. NO.	% interest	% control
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
LAGARDÈRE TRAVEL RETAIL UAE LLC	ABU DHABI (UNITED ARAB EMIRATES)		100.00	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
LAGARDÈRE X ARTEUM	LEVALLOIS-PERRET (FRANCE)	845 385 863	51.00	51.00
M TRAFIK SRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
MEDICOM SANTÉ	LEVALLOIS-PERRET (FRANCE)	451 199 947	100.00	100.00
MUSIC RAILWAY	LEVALLOIS-PERRET (FRANCE)	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
PARIS RAIL RETAIL	LEVALLOIS-PERRET (FRANCE)	824 339 543	90.04	100.00
R&B	LEVALLOIS-PERRET (FRANCE)	811 857 200	100.00	100.00
RM	LEVALLOIS-PERRET (FRANCE)	800 293 664	100.00	100.00
SORELT	LEVALLOIS-PERRET (FRANCE)	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 USA INC	PITTSBURGH (UNITED STATES)		100.00	100.00
AIREST COLLEZIONI VENEZIA SRL	VENICE (ITALY)		50.00	100.00 ^(**)
LAGARDÈRE 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

^(*) Comprising 206 fully consolidated entities (including minority interests in each entity with different percentage interests).

^(**) The shareholder agreement confers control of the group to Lagardère Travel Retail.

SUBSIDIARIES	REGISTERED OFFICE	REG. NO.	% interest	% control
INTERNATIONAL DUTY FREE GROUP				
INTERNATIONAL DUTY FREE AFRICA & MIDDLE EAST DWC-LLC	DUBAI (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	PARIS (FRANCE)	320 366 446	100.00	100.00
COMPAGNIE IMMOBILIÈRE EUROPA	LEVALLOIS-PERRET (FRANCE)	407 662 329	100.00	100.00
DARIADE	LEVALLOIS-PERRET (FRANCE)	400 231 072	100.00	100.00
ÉDIFINANCE PARTICIPATIONS	LEVALLOIS-PERRET (FRANCE)	440 143 741	100.00	100.00
LAGARDÈRE FINANCE	LEVALLOIS-PERRET (FRANCE)	409 882 883	100.00	100.00
LAGARDÈRE MEDIA	PARIS (FRANCE)	402 345 128	100.00	100.00
LAGARDÈRE NORTH AMERICA INC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE PARTICIPATIONS	PARIS (FRANCE)	303 600 902	100.00	100.00
LAGARDÈRE RESSOURCES	LEVALLOIS-PERRET (FRANCE)	348 991 167	100.00	100.00
SOFRIMO	LEVALLOIS-PERRET (FRANCE)	569 803 687	100.00	100.00

LAGARDÈRE MÉDIA NEWS GROUP				
LAGARDÈRE ACTIVE	LEVALLOIS-PERRET (FRANCE)	433 443 124	100.00	100.00
CERT GMBH	SARREBRUCK (GERMANY)		99.71	100.00
EUROPE 1 IMMOBILIER	PARIS (FRANCE)	622 009 959	99.90	100.00
EUROPE 1 TÉLÉCOMPAGNIE	PARIS (FRANCE)	542 168 463	100.00	100.00
EUROPE 2 RÉGIONS	PARIS (FRANCE)	339 802 118	100.00	100.00
EUROPE 2 ENTREPRISES	PARIS (FRANCE)	352 819 577	100.00	100.00
EUROPE NEWS	PARIS (FRANCE)	343 508 750	100.00	100.00
HACHETTE FILIPACCHI PRESSE	PARIS (FRANCE)	582 101 424	100.00	100.00
IS 25	PARIS (FRANCE)	824 582 431	100.00	100.00
IS 45	PARIS (FRANCE)	424 905 172	100.00	100.00
LAGARDÈRE RADIO SAS	PARIS (FRANCE)	334 595 881	100.00	100.00
LAGARDÈRE ACTIVE BROADCAST	MONACO (FRANCE)	775 751 779	99.90	100.00
LAGARDÈRE ACTIVE ENTREPRISES JAPAN CO LTD	TOKYO (JAPAN)		100.00	100.00
LAGARDÈRE ACTIVE FINANCES	PARIS (FRANCE)	410 208 136	100.00	100.00
LAGARDÈRE GLOBAL ADVERTISING	PARIS (FRANCE)	350 277 059	100.00	100.00
LAGARDÈRE RADIO FINANCE	PARIS (FRANCE)	908 044 902	100.00	100.00
LAGARDÈRE ACTIVE RADIO INTERNATIONAL	PARIS (FRANCE)	388 404 717	100.00	100.00
LAGARDÈRE MÉDIA NEWS	PARIS (FRANCE)	834 289 373	100.00	100.00
EUROPE 1 DIGITAL	PARIS (FRANCE)	415 096 502	100.00	100.00
LAGARDÈRE PUBLICITÉ NEWS	PARIS (FRANCE)	538 865 064	100.00	100.00
LES ÉDITIONS MUSICALES FRANÇOIS 1 ^{er}	PARIS (FRANCE)	381 649 791	100.00	100.00
MATCH PROD	PARIS (FRANCE)	824 634 257	100.00	100.00
PROMOTION ET SPECTACLES D'EUROPE 1	PARIS (FRANCE)	632 042 495	100.00	100.00
RFM ENTREPRISES	PARIS (FRANCE)	405 188 871	100.00	100.00
RFM RÉGIONS	PARIS (FRANCE)	382 002 509	100.00	100.00
SHOPPING GUIDE GMBH	MUNICH (GERMANY)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	REG. NO.	% interest	% control
LAGARDÈRE LIVE ENTERTAINMENT GROUP				
CASINO DE PARIS	PARIS (FRANCE)	582 047 957	100.00	100.00
LAGARDÈRE ARENA 13	AIX-EN-PROVENCE (FRANCE)	824 242 713	100.00	100.00
LAGARDÈRE LIVE ENTERTAINMENT	LEVALLOIS-PERRET (FRANCE)	441 268 380	100.00	100.00
L PRODUCTION	LEVALLOIS-PERRET (FRANCE)	509 763 611	100.00	100.00
SENSO	FLOIRAC (FRANCE)	790 021 760	100.00	100.00
SOCIÉTÉ D'EXPLOITATION DES FOLIES BERGÈRE	PARIS (FRANCE)	509 763 694	100.00	100.00
LAGARDÈRE PARIS RACING GROUP				
LAGARDÈRE PARIS RACING RESSOURCES	PARIS (FRANCE)	433 565 819	100.00	100.00
LPR RESTAURATION	PARIS (FRANCE)	808 264 758	100.00	100.00
OTHER LAGARDÈRE SPORTS				
COFFEE DIGITAL LLC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE LABS INC	NEW YORK (UNITED STATES)		100.00	100.00
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 2022:

JOINT VENTURES	REGISTERED OFFICE	REG. NO.	% interest	% control
LAGARDÈRE PUBLISHING				
FRANCE LIGHTNING SOURCE	MAUREPAS (FRANCE)	515 014 785	50.00	50.00
LAGARDÈRE TRAVEL RETAIL				
AÉROPORTS DE LYON (LYON DUTY FREE)	COLOMBIER-SAUGNIEU (FRANCE)	493 425 136	45.02	50.00
AWPL TANGO PTY LTD	SYDNEY (AUSTRALIA)		50.00	50.00
AWPL RETAIL SOLUTION LTD	SYDNEY (AUSTRALIA)		50.00	50.00
CONCESSIONS MANAGEMENT LS AT LAX	LOS ANGELES (UNITED STATES)		50.00	50.00
DFS WELLINGTON	AUCKLAND (NEW ZEALAND)		50.00	50.00
HBF PFC ATL JV, LLC	ATLANTA (UNITED STATES)		50.00	50.00
LAGARDÈRE/AWPL PTY LTD	SYDNEY (AUSTRALIA)		50.00	50.00
LAGARDÈRE & CONNEXIONS	LEVALLOIS-PERRET (FRANCE)	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
LS TRAVEL RETAIL NEW ZEALAND LIMITED	AUCKLAND (NEW ZEALAND)		50.00	50.00
SVRLS LA REUNION	SAINTE MARIE (FRANCE)	538 210 147	44.84	50.00
SDA CROATIE	ZAGREB (CROATIA)		45.02	50.00
SUMO TRAVEL RETAIL PTY LTD	SURRY HILLS (AUSTRALIA)		25.00	25.00

Companies in which the Group exercises significant influence, accounted for under the equity method at 31 December 2022:

ASSOCIATES	REGISTERED OFFICE	REG. NO.	% interest	% control
LAGARDÈRE PUBLISHING				
RANDOLPH GROUP INC.	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	ROISSY-EN-FRANCE (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
HAINAN HAILA COMMERCIAL MANAGEMENT CO, LTD.	HAIKOU (CHINA)		37.46	49.00
INMEDIO SP ZOO	WARSAW (POLAND)		49.00	49.00
JD WORLDWIDE-LAGARDÈRE CO, LTD.	HONG KONG (CHINA)		37.46	49.00
JING GE BUSINESS MANAGEMENT CO. LTD	HAIKOU (CHINA)		37.46	49.00
LAGARDÈRE KSA	RIYAD (SAUDI ARABIA)		26.01	26.01
LAGARDÈRE TRAVEL RETAIL SAUDI ARABIA HOLDING LLC	DUBAI (SAUDI ARABIA)		51.00	51.00
MITCHELL BOS LLC	ATLANTA (UNITED STATES)		49.00	49.00
SERVY MENA PORTAL LLC	DUBAI (UNITED ARAB EMIRATES)		40.80	51.00
SOCIÉTÉ DE DISTRIBUTION AÉROPORTUAIRE	LEVALLOIS-PERRET (FRANCE)	448 457 978	45.02	50.00
RELAY ADP	LEVALLOIS-PERRET (FRANCE)	533 970 950	50.00	50.00

OTHER ACTIVITIES				
LAGARDÈRE MÉDIA NEWS GROUP				
EUROPE RÉGIES OUEST	RENNES (FRANCE)	404 391 542	49.00	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 2022 as not material:

NON-CONSOLIDATED CONTROLLED COMPANIES	REGISTERED OFFICE	REG. NO.	% interest	% control
LAGARDÈRE PUBLISHING				
NOUVELLES ÉDITIONS IVOIRIENNES SAEM	ABIDJAN (CÔTE D'IVOIRE)		70.51	70.51
BRAGELONNE GAMES	PARIS (FRANCE)	849 689 997	100.00	100.00
LPC	MONTMORILLON (FRANCE)	326 980 026	100.00	100.00
DIFUSORA LAROUSSE DE COLOMBIA LTDA	BOGOTA (COLOMBIA)		100.00	100.00
HATCHET BOARDGAMES BENELUX	BRUSSELS (BELGIUM)		100.00	100.00
HACHETTE LIVRE MAROC	MOHAMMEDIA (MOROCCO)		99.84	99.84
EDITORA HATIER	SAO PAULO (BRAZIL)		100.00	100.00
PROLIVRE GIE	PARIS (FRANCE)	788 242 501	99.68	100.00
FRANCE TELEDISTRIBUTIQUE	MAUREPAS (FRANCE)	351 416 235	100.00	100.00
EDITORA SALVAT DO BRASIL LTDA	SAO PAULO (BRAZIL)		100.00	100.00
LOGISPRO	VANVES (FRANCE)	381 652 049	100.00	100.00
MULTIMEDIA DIFFUSION SERVICES	MALAKOFF (FRANCE)	388 221 681	100.00	100.00
WELBECK PUBLISHING GROUP	LONDON (UNITED KINGDOM)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL				
LAGARDÈRE TRAVEL RETAIL CHINA (HK) Co., LTD	HONG KONG (CHINA)		76.45	100.00
OTHER ACTIVITIES				
LAGARDÈRE EXPRESSION	LEVALLOIS-PERRET (FRANCE)	353 463 235	100.00	100.00
LAGARDÈRE ACAD, INC	NEW YORK (UNITED STATES)		100.00	100.00
LP12	LEVALLOIS-PERRET (FRANCE)	907 992 424	100.00	100.00
LP14	LEVALLOIS-PERRET (FRANCE)	922 352 166	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
PUBLI FM	PARIS (FRANCE)	339 601 650	100.00	100.00
RFM EST	VANDOEUVRE-LES-NANCY (FRANCE)	402 062 269	74.80	74.80
RFM AJACCIO	AJACCIO (FRANCE)	384 012 332	100.00	100.00
INTERACTIVE INVESTMENT CONSULTING	TAIPEI CITY (TAIWAN)		100.00	100.00

NOTE 39 CONSOLIDATED FINANCIAL STATEMENTS FOR 2021 AND 2020

In application of article 28 of European Commission regulation 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 189 to 318 of the French Universal Registration Document for 2021, filed with the AMF on 18 March 2022 under registration number D.22-0123,

- ▶ 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 non-incorporated parts of the above documents are either irrelevant for investors or covered in another section of this Universal Registration Document.

5.4 PRESENTATION OF THE LAGARDÈRE SA PARENT COMPANY FINANCIAL STATEMENTS

AFR

Comments on the Lagardère SA parent company financial statements at 31 December 2022

SIGNIFICANT EVENTS OF THE PERIOD

On 21 February 2022, Vivendi SE launched a friendly public tender offer for the Lagardère group. At the end of the various offer periods on 14 June 2022, Vivendi SE held 57.35% of the shares comprising the capital of Lagardère SA, and 47.33% of its voting rights. 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 its interest represents approximately 22.80% of the total voting rights.

Expert, legal and financial costs incurred in the context of this operation along with the costs inherent to the planned transaction between Vivendi SE and Lagardère SA were recognised by the Company as operating expenses in an amount of €29 million in 2022. These expenses include a provision for severance pay for a member of the Executive Committee.

An amendment to the syndicated credit facility was signed on 21 April 2022, reducing the amount of the facility from €1,042 million to €982 million and extending its maturity from March 2023 to April 2024, with the option to further extend the maturity to April 2026 subject to the agreement of the lending banks.

This amendment provides for a return to the half-yearly application of the initial financial covenant (financial leverage) as of 30 June 2022, which must be less than 4.5x at 30 June and 31 December 2022, less than 4.0x as of 30 June 2023 and less than 3.5x as of 31 December 2023.

On 30 June 2022, the Company repaid the €50 million medium-term bank loan taken out with BNP in October 2017.

5.4.1 INCOME STATEMENT

The condensed income statement is as follows:

(in millions of euros)	2022	2021
Operating revenues	38	34
Operating loss	(37)	(40)
Net financial income	5	4
Earnings before tax and exceptional items	(32)	(36)
Net exceptional income	6	14
Income tax benefit	27	43
Profit for the year	1	21

In 2022, the Company reported an **operating loss** of €37 million, representing a €3 million improvement on 2021. Operating income (loss) mainly corresponds to the difference between the operating expenses recorded by the holding company and the services and fees billed to the Group's divisions.

Operating revenues came to €38 million (€34 million in 2021), buoyed by the upturn in business at Lagardère Travel Retail, which increased operating revenues by €5 million. In 2021, operating revenues of

€34 million included a €10 million decrease in services and brand fees billed to the divisions.

Operating expenses amounted to €75 million in 2022 and include €29 million in consultancy fees incurred in connection with the future takeover by Vivendi SE, and €2 million in fees on renegotiating the syndicated credit facility. Lower operating expenses in 2022 are the result of ongoing cost-cutting measures. Operating expenses in 2021 were €74 million and included €16 million in consultancy

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

fees and services related to the conversion of Lagardère SA into a joint-stock company, and €3 million in issue fees on the €500 million September 2021 bond issue.

Lagardère SA is directly responsible for billing the Group's operating divisions for assistance provided by the corporate functions. Following the departure of three employees in 2022, it now only employs the three people heading up the corporate function, who make use of the Lagardère Ressources teams and means

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 breaks down as follows:

(in millions of euros)	2022	2021
Interest income from marketable securities and other	1	4
Net interest income on loans to subsidiaries	40	36
Interest and expenses on borrowings	(58)	(63)
Finance costs, net	(17)	(23)
Dividends received or receivable	22	11
Net reversals of provisions	-	16
Other	-	-
Net financial income	5	4

In 2022, the Company reported **net financial income** of €5 million, a €1 million improvement versus 2021.

Year-on-year changes in net financial income are attributable to the following factors:

- **interest income from marketable securities and other** amounting to €1 million in 2022, compared with €4 million in 2021. This €3 million decrease results from the fall in dividends paid by FCP1 Idinvest Digital Fund II,
- **net interest income on loans** for USD 860 million granted to Lagardère North America for the acquisitions of Paradies in 2015 and Højeij Branded Foods in 2018, totalling €40 million (USD 41 million) in 2022 and €36 million (USD 42 million) in 2021,
- **interest and expenses on borrowings**, which decreased by €5 million compared to 2021. The 2021 figure included a €5 million premium on the redemption of €150 million of the bonds issued in 2016. In 2022, interest and expenses on borrowings include interest on the €500 million 1.75% bond subscribed in 2021 and maturing in October 2027,
- **dividends received** from Lagardère Finance, which rose by €8 million to €19 million in 2022. Lagardère Participations paid dividends of €4 million, while Lagardère Media did not make any dividend payouts in either 2022 or 2021,
- **net reversals of provisions** that were not material in 2022.

In 2021, the €16 million net reversal of provisions mainly reflected:

- 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 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.

Exceptional items

Exceptional items represented income of €6 million in 2022, resulting from reversals of provisions for risks.

The Company reported an **income tax benefit** of €27 million in 2022. This includes €4 million in Group tax expense (including tax credits for the year) and €31 million in tax consolidation relief. In 2021, the income tax benefit included €2 million in Group tax income and €41 million in tax consolidation relief.

5.4.2 BALANCE SHEET AND CASH FLOWS

Assets

(in millions of euros)	31 Dec. 2022	31 Dec. 2021
Fixed assets	5,295	5,257
Trade receivables and other	45	40
Cash and cash equivalents	11	323
Total assets	5,351	5,620

Liabilities and shareholders' equity

(in millions of euros)	31 Dec. 2022	31 Dec. 2021
Shareholders' equity	2,779	2,862
Provisions for risks and liabilities	1	19
Debt	2,428	2,705
Short-term bank loans	-	-
Other liabilities	143	34
Total liabilities and shareholders' equity	5,351	5,620

Cash flows

(in millions of euros)	2022	2021
Cash flow from (used in) operating activities	41	(15)
Cash from investing activities	63	44
Cash from operations and investing activities	104	29
Cash used in financing activities	(416)	(23)
Change in cash and cash equivalents	(312)	6
Cash and cash equivalents at beginning of period	323	317
Cash and cash equivalents at end of period	11	323

In the 2022 cash flow statement, **cash flow from operating activities** was €41 million, an improvement of €56 million compared with 2021, including €22 million in payments received from subsidiaries in the tax group, and a €27 million improvement in working capital mainly due to one-off expenses relating to the Vivendi SE public tender offer for Lagardère SA, which will be paid in 2023.

Net cash from investing activities represented an inflow of €63 million in 2022, and included:

- ▶ interest received on loans to subsidiaries for €40 million versus €36 million in 2021,
- ▶ dividends received from Lagardère Finance and Lagardère Participations in an amount of €22 million (€15 million in 2021),
- ▶ purchases and sales of treasury shares under the liquidity agreement, each totalling €1 million, representing a nil net cash impact (net cash outflow of €2 million in 2021).

Financing activities generated a net cash outflow of €416 million and chiefly reflected:

- ▶ the net €33 million increase in amounts outstanding under short- and medium-term commercial paper programmes,
- ▶ the repayment on 30 June 2022 of a €50 million medium-term bank loan arranged in October 2017,
- ▶ interest paid for €60 million,
- ▶ the €269 million decrease in amounts borrowed from Lagardère Finance,
- ▶ €70 million in dividend payouts (no dividends were paid in 2021 in respect of 2020).

Net debt – which corresponds to cash and cash equivalents less borrowings – was as follows at 31 December 2022 and 2021:

(in millions of euros)	31 Dec. 2022	31 Dec. 2021
Net debt	(2,417)	(2,382)

Net debt increased by €35 million in 2022.

Borrowings and debt 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 2022 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. 2022 of which due						Invoices issued but not settled at 31 Dec. 2022 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	9					7	8					-
Total amount of invoices concerned (excl. VAT) (in thousands of euros)	294	43	162	-	-	205	206	-	-	-	-	-
As a % of total purchases for the year (excl. VAT)	0%	0%	0%	0%	0%	0%						
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 €9,786 in 2022. 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 2022

AFR

Parent company balance sheet

	31 Dec. 2022	31 Dec. 2022	31 Dec. 2022	31 Dec. 2021
	Gross	Depreciation, amortisation and impairment	Net	Net
Assets (in millions of euros)				
Tangible and intangible assets	2	2	-	-
Long-term investments:				
- <i>Investments in subsidiaries and affiliates</i>	4,563	106	4,457	4,455
- <i>Loans and advances to subsidiaries and affiliates</i>	813	-	813	763
- <i>Other investment securities</i>	20	-	20	34
- <i>Loans</i>	-	-	-	-
- <i>Other long-term investments</i>	5	-	5	5
Fixed assets	5,403	108	5,295	5,257
Trade receivables	2	-	2	3
Other receivables	17	-	17	31
Marketable securities	1	-	1	2
Cash and cash equivalents	10	-	10	321
Prepaid expenses	1	-	1	-
Current assets	31	-	31	357
Deferred charges				
	4	-	4	5
Translation adjustment	21	-	21	1
Total assets	5,459	108	5,351	5,620

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

Liabilities and shareholders' equity (in millions of euros)	31 Dec. 2022	31 Dec. 2021
	Amount	Amount
Share capital	861	861
Share and other premiums	155	169
Reserves:		
- Legal reserve	87	87
- Reserves	-	-
- Other reserves	1,470	1,470
Retained earnings	205	254
Profit for the year	1	21
Interim dividend to be allocated	-	-
Shareholders' equity	2,779	2,862
Provisions for risks and liabilities	1	19
Borrowings subject to specific conditions	-	-
Borrowings:	2,428	2,705
- Bonds	1,664	1,664
- Bank loans	632	649
- Miscellaneous loans and borrowings including loans from subsidiaries and affiliates	132	392
Trade payables	46	15
Other payables	45	12
Deferred income	-	-
Translation adjustment	52	7
Total liabilities and shareholders' equity	5,351	5,620

Parent company income statement

(in millions of euros)	2022	2021
Operating revenues ^(*)	38	34
Operating expenses	(75)	(74)
Operating loss	(37)	(40)
Financial income	71	59
Financial expenses	(66)	(71)
Net (additions to) reversals from provisions	-	16
Net financial income	5	4
Earnings before tax and exceptional items	(32)	(36)
Net exceptional income	6	14
Income tax benefit	27	43
Profit for the year	1	21

(*) Including services provided to French subsidiaries in 2022 for €7 million.

Parent company statement of cash flows

(in millions of euros)	2022	2021
Profit for the year	1	21
Net interest expense	18	27
Dividends received	(22)	(15)
Depreciation, amortisation and provision expense (reversal)	(9)	(30)
Net loss (profit) on sale of fixed assets	-	(5)
Changes in working capital	53	(13)
Cash flow from (used in) operating activities	41	(15)
Acquisitions of long-term investments	-	(11)
Dividends received	22	15
Interest received on loans	41	36
Liquidity agreement	-	(1)
Proceeds from disposals of non-current assets	-	5
Decrease in loans and receivables	-	-
Cash from investing activities	63	44
Cash from operations and investing activities	104	29
Dividends paid	(70)	-
Interest paid	(60)	(64)
Cash capital increase	-	-
Decrease in borrowings and financial liabilities	(50)	(1,130)
Increase in borrowings and financial liabilities	33	1,151
Change in Group current accounts	(269)	20
Cash used in financing activities	(416)	(23)
Change in cash and cash equivalents	(312)	6
Cash and cash equivalents at beginning of period	323	317
Cash and cash equivalents at end of period	11	323

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS AT 31 DECEMBER 2022

(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, and after three departures in 2022, now employs three people heading up the corporate functions, who make use of Lagardère Ressources teams and means, 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.

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. 2022	Increase	Decrease	31 Dec. 2022
Tangible and intangible assets	1	1	-	2
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities ^(*)	4,691	5	113	4,583
Loans and advances to subsidiaries and affiliates	763	50	-	813
Other long-term investments	5	40	40	5
Total	5,460	96	153	5,403

(*) This item includes the Company's investment in the FPCI Idinvest fund amounting to €11 million. €10 million had been subscribed at 31 December 2022. The assets and liabilities of Matra Manufacturing & Services were transferred to Lagardère SA in 2022. Its subsidiary Matra Venture Composites, which is dormant, was dissolved during the year. The gross value of these fully impaired shares is €4 million.

Investments in subsidiaries and affiliates amounted to €4,583 million at 31 December 2022, reflecting:

- purchases and sales of treasury shares under the liquidity agreement, each totalling €1 million,
- the cancellation of the gross amount of treasury shares by means of a capital reduction for €14 million,
- the derecognition of the shares (fully provisioned) in Matra Manufacturing & Services following the transfer of all of its assets and liabilities to Lagardère SA, for €94 million, and

- the derecognition of the shares of Lagardère UK, which had been written down in full, further to its winding up in 2022.

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 €50 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. 2022	Increase	Decrease	31 Dec. 2022
Tangible and intangible assets	(1)	(1)	-	(2)
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities	(202)	(5)	101	(106)
Loans and advances to subsidiaries and affiliates	-	-	-	-
Total	(203)	(6)	101	(108)

2. RECEIVABLES

At 31 December 2022, the maturity of **receivables** was as follows:

	Gross	Due within one year	Due beyond one year
Long-term receivables	838	319	519
Short-term receivables	19	19	0
Total	857	338	519

Long-term receivables correspond mainly to the loans granted to Lagardère North America for USD 860 million, of which USD 330 million falls due on 13 April 2023, along with loan interest (see above).

Short-term receivables include:

- €2 million in intragroup trade receivables,
- €10 million in tax receivables, mainly consisting of VAT receivables,
- €7 million in intercompany receivables arising on tax consolidation.

3. MARKETABLE SECURITIES

	31 Dec. 2022	31 Dec. 2021
Gross amount	1	2
Accumulated impairment losses	-	-
Carrying amount	1	2
Market value	1	2
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 2021	861	1,726	254	21	-	2,862
Capital reduction	(4)	(14)	-	-	-	(18)
Capital increase	4	-	-	-	-	4
Allocation of 2021 profit	-	-	21	(21)	-	-
Dividends paid	-	-	(70)	-	-	(70)
Profit for the year	-	-	-	2	-	2
Shareholders' equity at 31 December 2022	861	1,712	205	2	-	2,780

At 31 December 2022, 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.

In 2022, the Group carried out four capital reductions by cancelling 712,299 treasury shares for an amount of €4 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 11 April 2022, to beneficiaries of the 8 April 2019 plan residing in France for tax purposes (308,570 shares),
- ▶ on 19 April 2022, to beneficiaries of the 16 April 2018 plan residing outside France for tax purposes (150,670 shares),
- ▶ on 16 May 2022, to beneficiaries of the performance share plan awarded on 14 May 2019 (159,859 shares),
- ▶ on 9 December 2022, to beneficiaries of the free and performance share plans awarded on 10 October 2019 (93,200 shares).

5. TREASURY SHARES

Changes in the number of treasury shares held by Lagardère SA break down as follows for 2022:

	2022
Number of treasury shares held at 1 January	1,159,503
Purchases of treasury shares under the liquidity agreement ^(*)	41,933
Sales of treasury shares under the liquidity agreement ^(*)	(37,369)
Purchases (for treasury shares awarded to employees)	-
Awards	-
Capital reduction by cancellation of treasury shares	(712,299)
Number of treasury shares held at 31 December	451,768

^(*) The liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux ended in June 2022. A new agreement was signed with BNP Paribas Exane in October 2022.

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 2022 amounted to €10 million (2021: €13 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 2022 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 2022 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 related interest expense for 2022 amounted to €9 million (2021: €2 million).

7. MATURITIES OF LIABILITIES

	31 Dec. 2022	Due within one year	Due between one and five years	Due beyond five years
Bonds	1,664	364	1,300	-
Negotiable securities	376	376	-	-
Other borrowings	388	3	253	132
Trade and other payables	91	91	-	-
Total	2,519	834	1,553	132

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 €371 million at 31 December 2022 versus €338 million at 31 December 2021, and
- ▶ the negotiable Euro Medium-Term Notes (NEU MTN) programme with a ceiling of €200 million. Debt issues amounted to €5 million at 31 December 2022 and 2021.

Other borrowings for €388 million break down as follows by maturity:

- ▶ €253 million in borrowings due between one and five years, corresponding to German law private placements,
- ▶ €132 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. 2022	Additions	Reversals	31 Dec. 2022
Provisions for risks and liabilities^(*)	19	-	18	1
Impairment				
- long-term investments ^(**)	202	5	101	106
- other	-	-	-	-
Impairment sub-total	202	5	101	106
Total provisions and impairment	221	5	119	107
Including additions and reversals:				
- relating to operating items		-	2	
- relating to financial items		-	2	
- relating to exceptional items		-	12	

(*) Including €17 million in reversals of provisions for risks that were extinguished in 2022, and €1 million in reversals of provisions for extinguished risks that were utilised.

(**) Details are provided in note 1.

9. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES (NET VALUES) – BALANCE SHEET

Assets		Liabilities	
Long-term investments	5,269	Debt	132
Short-term receivables	9	Trade and other payables	61
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

Expense		Revenues	
Operating ^(*)	56	Operating ^(**)	35
Financial	1	Financial ^(***)	62
Exceptional	-	Exceptional	-

(*) General services provided by Lagardère Ressources.

(**) Including services provided for €7 million and brand royalties for €29 million.

(***) Including dividends for €22 million and loan interest for €40 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	8	Debt	17
Short-term receivables	3	Trade and other payables	46
Cash and cash equivalents	-		-
Total	11	Total	63

12. NET FINANCIAL INCOME

	2022	2021
Financial income	73	83
Financial income from investments in subsidiaries and affiliates	62	47
Income from other investment securities and long-term receivables	1	4
Other interest and similar income	8	8
Net income from marketable securities	-	-
Reversals of provisions and expense transfers	2	24
Foreign exchange gains	-	-
Financial expenses	(68)	(79)
Interest and similar expenses	(66)	(71)
Additions to provisions	(2)	(8)
Foreign exchange losses	-	-
Net financial income	5	4

13. NET EXCEPTIONAL INCOME

	2022	2021
Net gains (losses) on disposals of assets	-	5
Net reversals of provisions	11	9
Other exceptional income and expenses	(5)	-
Net exceptional income	6	14

14. INCOME TAX

The Company reported an income tax benefit of €27 million in 2022. This reflects tax consolidation relief of €31 million and Group tax expense of €4 million. At 31 December 2022, the tax group

comprising Lagardère SA and its subsidiaries had unused tax loss carryforwards of some €466 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 ^(*)	1,042
Guarantees given to third parties	-	Counter-guarantees received from third parties	-

(*) On 21 April 2022, Lagardère SA amended and extended the maturity of its revolving credit facility with its banking partners. The Company's authorised and undrawn credit facilities amounted to €1,042 million at 31 December 2022.

Free share award plans

From 2019 to 2022, 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. 2022 ^(*)
8 April 2019 plans	474,990	145,320
14 May 2019 plans	232,370	-
10 October 2019 plans	100,000	-
24 September 2021 plans	783,000	783,000
14 March 2022 plans	806,800	803,050

(*) Number of rights that can be issued after write-offs and before taking into account the extent to which the performance conditions were achieved.

- 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: 783,000 shares,
- 14 March 2022 plans: 806,800 shares.

For Group employees who are beneficiaries of the 8 April 2019, 10 October 2019, 24 September 2021 and 14 March 2022 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 14 May 2019, 10 October 2019, 24 September 2021 and 14 March 2022 plans, the shares will only vest subject to:

- the beneficiaries remaining with the Group until at least 15 May 2022, 11 October 2022, 25 September 2024 and 15 March 2025, respectively, under the 2019, 2021 and 2022 plans,
- and:
 - 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). As the objectives were not met, the charge was not adjusted in respect of this plan,

- 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,
- for the plan awarded in 2022, 70% of the award is subject to the achievement of objectives based on financial criteria internal to the Group (return on capital employed, free cash flow and operating margin rate). The remaining 30% of the award is subject to meeting non-financial criteria (proportion of women Top Executives, greenhouse gas emissions per employee, proportion of spending on suppliers presenting a high CSR risk as assessed by EcoVadis). If these criteria are not met, the number of shares awarded will be reduced accordingly.

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 2022, 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. 2022 (in millions of euros) ^(*)	Fair value at 31 Dec. 2021 (in millions of euros)
Cross-currency swaps maturing on 13 April 2023	165	148	(8)	2
Cross-currency swaps maturing on 21 June 2024	165	145	(10)	-
Cross-currency swaps maturing on 26 June 2026	100	91	(3)	2
Hedging derivatives	430	384	(21)	4

(*) Including €21 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 2022, the remeasurement of the loans granted to Lagardère North America at the year-end rate gave rise to a €52 million unrealised foreign exchange gain, and the remeasurement of hedging instruments generated an unrealised loss of €21 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 2022

(in thousands of euros)	Share capital	Reserves (excl. retained earnings)	Share of capital held (%)		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					
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 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		1,695,000	1,695,000			78	26,959	18,592
LAGARDÈRE MEDIA (4 rue de Presbourg – 75116 Paris)	879,611	(302,307)	100.00		2,730,374	2,730,374			0	(23,713)	0
LAGARDÈRE PARTICIPATIONS (4 rue de Presbourg – 75116 Paris)	100	2	100.00		27,134	27,134			0	7,673	3,860
LAGARDÈRE RESSOURCES (Immeuble Octant – 4-10 avenue André Malraux – 92689 Levallois-Perret Cedex)	2,000	-	100.00		110,132	4,040			59,952	1,595	0
B. – Investments in subsidiaries and affiliates 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											
B. – Affiliates not included in paragraph B above											
- Other subsidiaries											
C. – Investments not included in paragraph C above											
- Other subsidiaries											

Investment portfolio at 31 December 2022

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	4,040
Book value below €15,000		0
Total investments in French companies		4,456,548
B. Investments in non-French companies		
Number of shares held:		
Book value over €15,000		0
Book value below €15,000		0
Total investments in non-French companies		0
Total investments in subsidiaries and affiliates		4,456,548
II. Other long-term investments (in thousands of euros)		
C. Investment funds		
	FCPR IDINVEST	10,352
Total investment funds		10,352
D. Treasury shares		9,192
Total treasury shares		9,192
Total other long-term investments		19,544
III. Short-term investments (in thousands of euros)		
French securities		
1. Equities and mutual funds		
Number of shares held: 40	BNP PAR MONEY	915
2. Collective investment funds		
Number of shares held:		0
Total short-term investments (book value)		915

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 indications		2018	2019	2020	2021	2022
I	Share capital at 31 December (in euros)					
a)	Share capital	799,913,045	799,913,045	799,913,045	860,913,045	860,913,045
b)	Number of ordinary shares outstanding	131,133,286	131,133,286	131,133,286	141,133,286	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	60,202	71,202	49,754	30,137	35,621
b)	Earnings (loss) before tax, depreciation, amortisation and provisions	188,116	31,627	(48,550)	(50,167)	(39,800)
c)	Income tax ^(*)	94,576	51,161	35,780	43,522	27,094
d)	Earnings after tax, depreciation, amortisation and provisions	277,979	77,512	(30,167)	20,763	1,005
e)	Dividends paid	171,673	-	-	70,567	183,473^(**)
III	Earnings per share (in euros)					
a)	Earnings (loss) per share after tax, but before depreciation, amortisation and provisions	2.16	0.63	(0.10)	(0.05)	(0.09)
b)	Earnings per share after tax, depreciation, amortisation and provisions	2.12	0.59	(0.23)	0.15	0.01
c)	Dividend per share	1.30	0.00	-	0.50	1.30^(**)
IV	Personnel (in euros, excluding headcount)					
a)	Average headcount	8	8	8	6	3
b)	Total wages and salaries	1,739,429	2,160,348	2,281,740	3,382,740	1,584,009
c)	Total employee benefit expense	896,224	735,669	608,512	1,048,842	471,637

(*) Mainly the tax benefit resulting from tax consolidation.

(**) The Annual General Meeting on 18 April 2023 will be asked to approve a dividend of €1.30 per share.

5.6 STATUTORY AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS

AFR

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 2022.

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 2022 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 2022 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) 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

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 2022, the carrying amount of investments in subsidiaries and affiliates recognised in the balance sheet amounted to €4,457 million, representing 83% of total assets. Loans and advances to subsidiaries and affiliates amounted to €813 million, or 15% 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 and the recoverability of loans and advances to subsidiaries and affiliate requires management to exercise judgement in selecting the criteria to be used (historical or projected data, depending on the circumstances).

In this context and given the inherent uncertainty associated with certain criteria – notably the achievement of forecasts and the relative 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 procedures mainly involved:

- ▶ 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 the 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:
 - assessing the consistency of cash flow forecasts for the entities concerned, determined by management, 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 forecasts for previous periods with the actual results in order to assess the achievement of past objectives,
 - for the entity concerned, comparing cash flow forecasts adjusted for debt with the carrying amount of the investment in the balance sheet,
- ▶ assessing the recoverability of the related receivables in light of the analyses performed on equity investments.
- ▶ reviewing the appropriateness of the disclosures in the notes to the financial statements.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by the 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.

CORPORATE GOVERNANCE REPORT

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.

Concerning the information given in accordance with the requirements of article L. 22-10-9 of the French Commercial Code relating to remuneration 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 to 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 reconciled this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchases 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 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 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 2022, Mazars and ERNST & YOUNG et Autres were in the 27th consecutive year and 36th 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, 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 and in the French Code of Ethics 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 Paris-La Défense, on 10 March 2023

The Statutory Auditors

MAZARS

Simon Beillevaire
Romain Maudry

ERNST & YOUNG et Autres

Sébastien Huet

5.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AFR

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 2022.

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 2022 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 2022 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) 537/2014.

JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code 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 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.

MEASUREMENT OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

(Notes 1.2, 3.7, 3.8, 3.12, 10 and 17 to the consolidated financial statements)

Risk identified

Goodwill and other intangible assets with an indefinite useful life, which have a net carrying amount of €1,640 million and €119 million, respectively, are defined in notes 3.7 and 3.8 to the consolidated financial statements.

At each closing date, management assesses 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.

When the recoverable amount of an asset is lower than the carrying amount, an impairment loss is recognised in the income statement. The recoverable amount is the higher of value in use, calculated using the discounted future cash flow method, and (ii) fair value less costs to sell, calculated using market comparables or where required, by reference to recent transactions for comparable assets.

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 five years. They are approved by the Board of Directors and are based on key assumptions and assessments that factor in the effects of the economic environment.

The cash flows are discounted using a post-tax discount rate specific to each business. A long-term growth rate – which is also specific to each business – is used for periods beyond those covered in the budgets. The methods for conducting 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 set out in note 10 to the consolidated financial statements.

In view of the significance of management judgements and of the uncertainties associated with the assumptions used, we considered the valuation of goodwill and intangible assets with an indefinite useful life to be a key audit matter.

Our response

We analysed the method used and made sure it complies with the accounting standards in force.

We held discussions with management in order to assess the assumptions used and performed a critical analysis of the methods implemented, analysing in particular:

- the completeness of the information used to determine the carrying amount of the CGUs tested,
- the consistency between the calculation of the carrying amounts with the projected future cash flows used to determine 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,

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

particularly for the Lagardère Travel Retail CGUs. The forecasts for these CGUs were extended to 2032 to incorporate business recovery assumptions comparable to those for 2019 between 2023 and 2024, depending on the region,

- ▶ the consistency with external data of the growth and discount rates used for cash flow projections, with the assistance of our valuation specialists,
- ▶ the calculation of the discount applied to future cash flows,
- ▶ the sensitivity analyses conducted by management to changes in the main assumptions used.

Lastly, we have assessed the reasonableness of the information included in notes 1.2, 3.7, 3.8, 3.12, 10 and 17 to the consolidated financial statements.

ESTIMATED RETURNS INCLUDED IN REVENUE RECOGNITION FOR LAGARDÈRE PUBLISHING

(Notes 3.1 and 31 to the consolidated financial statements)

Risk identified

Revenue recognition for Lagardère Publishing is subject to management estimates mainly in respect of returns estimates.

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 €315 million at 31 December 2022.

That amount represents distributors' right to return unsold copies to Lagardère Publishing. The estimated amount of returns represents a refund liability recognised as a deduction from revenue, 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.

Given the significance of estimated returns, and of the assumptions and areas of management judgement involved in their calculation, we deemed estimated returns included in revenue recognition for Lagardère Publishing to be a key audit matter.

Our response

Our work consisted primarily in:

- ▶ 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,
- ▶ reconciling the accounting books with sales and returns data used for calculation purposes,
- ▶ verifying the arithmetical accuracy of the statistical method applied,
- ▶ identifying and analysing, on a test basis, certain situations giving rise to manual adjustments.

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 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 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.

Due to the technical limitations inherent to block tagging the consolidated financial statements in the European single electronic reporting format, the content of some of the tags in the notes may not be rendered identically to the accompanying consolidated financial statements.

In addition, it is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the French financial markets authority correspond to those on which we carried out 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 2022, Mazars and ERNST & YOUNG et Autres were in the 27th consecutive year and 36th 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) 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 Paris-La Défense, on 10 March 2023

The Statutory Auditors

MAZARS

Simon Belleveaire
Romain Maudry

ERNST & YOUNG et Autres

Sébastien Huet

5.8 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

AFR

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. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de commerce*), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

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 already approved by the Annual 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

AGREEMENT AUTHORISED DURING THE YEAR ENDED 31 DECEMBER 2022

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 2022 and previously approved by your Board of Directors.

AMENDMENT TO THE 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 (the "Service Agreement"). 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 was 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.

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.

Pursuant to an amendment signed on 28 December 2022 after authorisation by the Board of Directors on 9 December 2022, Lagardère Management's remuneration under the Service Agreement was amended:

- With immediate effect from the 2022 fiscal year, the remuneration (excluding tax) paid to Lagardère Management by Lagardère Ressources in return for the services set out in the Service Agreement will be equal to the sum of the expenses incurred by Lagardère Management in performing the services concerned, which will be rebilled at cost with no margin applied.
- As from 1 January 2023, the remuneration (excluding tax) paid to Lagardère Management by Lagardère Ressources in return for the services set out in the Service Agreement will, for a given fiscal year, be equal to the sum of the following items, with no margin applied:
 - (i) remuneration, benefits, indemnities and compensation of any kind paid by Lagardère Management to its employees providing services to the General Management and the Central Directors of the Lagardère group as they discharge their roles and responsibilities, including provisions set aside or paid in respect of the new "vested benefits" pension plan (the "New Pension Plan"), and the associated various payroll taxes and other levies,
 - (ii) the amount of fees for administrative and accounting services paid to Lagardère Ressources under the Service Agreement, under which Lagardère Ressources provides services related to the work environment along with administrative and accounting services to Lagardère Management, which does not have its own resources,
 - (iii) the Statutory Auditors' fees paid by Lagardère Management, and
 - (iv) expenses, taxes and other costs and fees incurred by Lagardère Management in the performance of its duties.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

For 2022, the remuneration payable to Lagardère Management under this agreement amounted to €34.2 million.

The Amendment also provides for (i) the definitive and unconditional waiver by Lagardère Management of its claim against Lagardère Ressources or any other Lagardère group entity for the settlement of sums already paid or that may be due under the conditional benefit pension plan closed in 2019 (the "Former Pension Plan") and (ii) Lagardère Management's undertaking to use its best efforts to obtain the refund of and repay Lagardère Ressources any surplus sums that may remain in the Former Pension Plan's collective fund after having settled the pension benefits owed to the last beneficiary. This commitment continues to be valid after the Service Agreement expires and will remain in force until 31 December 2045.

Reasons why the agreement is in the interest of the Company

The Board of Directors decided that the signature of this amendment was in the Company's best interests insofar as it:

- ▶ terminates the contractual annual margin of 10%, capped at €1 million, with immediate effect from the 2022 fiscal year, and
- ▶ terminates any potential exposure of the Lagardère group to the conditional benefit pension plan and provides for the repayment to Lagardère Ressources of any sums that could, in the future, be recovered by Lagardère Management under the pension plan.

AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

AGREEMENT APPROVED IN PREVIOUS YEARS THAT REMAINED IN FORCE DURING THE YEAR

In application of article R. 225-30 of the French Commercial Code, we were informed that the following agreement, approved by the General Meeting in previous years, remained in force during the year ended 31 December 2022.

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.

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 implementation of the Clean Team Agreement remained in force during the year.

The signature of the Clean Team Agreement gives rise to no financial obligations for the Company.

French language original signed at Paris-La Défense, on 10 March 2023

The Statutory Auditors

MAZARS

Simon Bellevoire
Romain Maudry

ERNST & YOUNG et Autres

Sébastien Huet

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Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

6.1 GENERAL INFORMATION ABOUT THE ISSUER

6.1.1 COMPANY NAME AND COMMERCIAL NAME

Company name: Lagardère SA

Commercial name: Lagardère

6.1.2 REGISTERED OFFICE, ADDRESS, TELEPHONE, WEBSITE

Registered office:

4 rue de Presbourg, 75116 Paris, France

Website:

www.lagardere.com

Postal address:

4 rue de Presbourg, 75116 Paris, France

Telephone:

+33 (0)1 40 69 16 00

6.1.3 LEGAL FORM AND GOVERNING LAW

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

6.1.4 PLACE OF REGISTRATION AND REGISTRATION NUMBER

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

Legal Entity Identifier: 969500VX2NV2AQQ65G45

6.1.5 DATE OF INCORPORATION AND TERM OF THE COMPANY

Lagardère was incorporated on 24 September 1980.

Its term will expire on 15 December 2079.

6.2 PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE UNIVERSAL REGISTRATION DOCUMENT

► Arnaud Lagardère, Chairman and Chief Executive Officer.

6.3 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

AFR

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 7.2 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, 13 March 2023

Arnaud Lagardère

Chairman and Chief Executive Officer

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

6.4 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 - 92075 Paris-La Défense Member of the Versailles Regional Institute	20 June 1996	2026

6.5 DOCUMENTS ON DISPLAY

The person responsible for this Universal Registration Document attests 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.

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CROSS-REFERENCE TABLES

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7.4	CROSS-REFERENCE TABLE WITH THE NON-FINANCIAL STATEMENT	334

7.1 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.

Parent company financial statements for 2022	Section 5.5	296
Consolidated financial statements for 2022	Section 5.3	206
Management report (minimum disclosures as defined in article 222-3 of the General Regulation of the AMF)	See management report cross-reference table below	
Statement by the persons responsible for the information (Statement by the persons responsible for the Annual Financial Report and Universal Registration Document)	Section 6.3	320
Statutory Auditors' report on the Company's financial statements	Section 5.6	310
Statutory Auditors' report on the consolidated financial statements	Section 5.7	313
► Fees paid to the Statutory Auditors	Section 5.3 (see note 37 to the consolidated financial statements)	282

7.2 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	1.3/1.5/5.2
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	2.3
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	1.6.1
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	3.8.8
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	1.5.1
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	1.7
1.10	Research and development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	1.3
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	4.1
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	2.3.3.1
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	4.2

	Mandatory disclosures	Applicable laws and standards	Section
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")	4.1/4.2
2.6	Duty of care plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	2.7

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	3.5.1/3.6.1
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	3.5.2/3.6.2
3.3	Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I, 2° of the French Commercial Code	3.5.2.1
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	3.5.2.1 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	3.5.1.1
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	3.5.2.2
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	3.5.2.2
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 performance criteria have been applied	Article L. 22-10-9, I, 8° of the French Commercial Code	3.5.2/3.6.2
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	3.5.2/3.6.2
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	3.5.1.3.B/ 3.5.2.1.D/ 3.5.2.2

	Mandatory disclosures	Applicable laws and standards	Section
	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	3.2.1.1.A
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	3.3.2/3.7.2
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	3.8.4
3.18	General management procedures	Article L. 225-37-4, 4° of the French Commercial Code	3.1.2
3.19	Membership, preparation and organisation of the work of the Board	Article L. 22-10-10, 1° of the French Commercial Code	3.2.1/3.2.3/3.2.4
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	3.2.21.1.B
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	3.1.2.3
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	3.1.1/3.2.6
3.23	Specific conditions for shareholder participation in the General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	3.10.1
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	3.2.2
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	3.9

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	3.8.1/3.8.8.1/3.8.8.2
4.2	Purchase and sale of treasury shares	Article L. 225-211 of the French Commercial Code	3.8.2
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	3.8.8.1
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	3.3.5
4.6	Dividends paid during the last three financial years	Article 243 bis of the French Tax Code	5.1/3.8.6.2

5

NON-FINANCIAL STATEMENT

5.1	Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	1.3/2.1
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	2.3

	Mandatory disclosures	Applicable laws and standards	Section
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	2.3/2.3.1/2.3.2/ 2.3.3/2.3.4
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	2.3/2.3.1/2.3.2/ 2.3.3/2.3.4
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	2.3.1
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	2.3.2
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	2.2.1/2.2.2./2.2.3
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	2.3.4
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	2.3.3
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 – 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	2.4.1.A.2/2.4.1.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	2.6
6	OTHER INFORMATION		
6.1	Additional tax information	Articles 223 <i>quater</i> and 223 <i>quinquies</i> 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)

7.3 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT WITH ANNEX 1 OF EUROPEAN REGULATION 2019/980

Information

Section⁽¹⁾

①	PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL	
1.1	Persons responsible for the Universal Registration Document	6.2
1.2	Statement by the persons responsible for the Universal Registration Document	6.3
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	6.4
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"	4.1
④	INFORMATION ABOUT THE ISSUER	
4.1	Legal and commercial name of the Company	6.1.1
4.2	Place of registration of the Company, its registration number and legal entity identifier ('LEI')	6.1.4
4.3	Date of incorporation and length of life of the Company	6.1.5
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	6.1.2/6.1.3
⑤	BUSINESS OVERVIEW	
5.1	Principal activities	
	5.1.1 Description of the Company's operations and principal activities	1.3
	5.1.2 Significant new products and/or services that have been introduced	1.3
5.2	Principal markets	1.3/5.3 (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	1.3
5.4	Strategy and objectives	1.3
5.5	Extent (if any) to which the Company is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	4.1.3.2/1.5.2
5.6	Basis for any statements made by the Company regarding its competitive position	1.3 (footnotes)

(1) Refers to chapter and section numbers of the Universal Registration Document.

Information

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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	1.4/1.5.1
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)	1.4/1.5 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	1.2
6.2	List of the Company's significant subsidiaries	1.2

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	1.7
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	1.5.2

(1) Refers to chapter and section numbers of the Universal Registration Document.

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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	1.3.1.B/1.3.2.B 1.3.3.1.B/1.3.3.2.B/ 1.3.3.3.B
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	1.6
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year	1.6.3
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	1.8
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	3.2/3.3/3.4
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	3.3
13	REMUNERATION AND BENEFITS	
13.1	Remuneration of senior executives and members of the Board of Directors and Supervisory Board	3.5/3.6
13.2	Provisions for pension, retirement or similar benefits	3.5/3.6

(1) Refers to chapter and section numbers of the Universal Registration Document.

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14

BOARD PRACTICES

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14.2	Service contracts	3.3.2/3.7
14.3	Information about the Company's Audit Committee and Remuneration Committee	3.2.4
14.4	Compliance with the corporate governance regime(s) applicable to the Company	3.2.6
14.5	Potential material impacts on corporate governance, including future changes in the composition of the Board and the Board Committees	3.2.1.1.B

15

EMPLOYEES

15.1	Number of employees: breakdown of persons employed by main category of activity and geographic location; temporary employees	2.1/2.4
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	3.2.2.1/3.5.2.2/3.8.9
15.3	Arrangements for involving employees in the Company's capital	3.8.9

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MAJOR SHAREHOLDERS

16.1	Notifiable shareholdings	3.8.8.2
16.2	Voting rights of major shareholders	3.8.8.5
16.3	Control of the Company: nature of such control	3.8.8
16.4	Arrangements, the operation of which may result in a change in control of the Company	3.8.8

17

RELATED-PARTY TRANSACTIONS

17.1	Details of related-party transactions	3.3.2/3.7/5.3 (see note 35 to the consolidated financial statements)

18

FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

18.1	Historical financial information	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	-

(1) Refers to chapter and section numbers of the Universal Registration Document.

Information**Section⁽¹⁾**

18.5	Dividend policy	5.1
18.5.1	Description of the Company's policy on dividend distributions and any restrictions thereon	5.1.3
18.5.2	Amount of the dividend per share adjusted, where the number of shares in the Company has changed, to make it comparable	5.1.3
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	1.6.2

19**ADDITIONAL INFORMATION**

19.1	Share capital	3.8
19.1.1	Authorised capital, subscribed capital	3.8.1/3.8.4
19.1.2	Shares not representing capital	-
19.1.3	Shares in the Company held by the Company itself or by its subsidiaries	3.8.2
19.1.4	Convertible securities, exchangeable securities or securities with warrants attached	3.8.3
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	3.8.7
19.1.7	A history of share capital	3.8.1
19.2	Memorandum and Articles of Association	3.10.1
19.2.1	Corporate purpose	3.10.1
19.2.2	Rights, preferences and restrictions attached to each class of the existing shares	3.10.1
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	3.10.1/3.10.2

20**MATERIAL CONTRACTS****1.5**

20.1	Material contracts (other than contracts entered into in the ordinary course of business) for the last two years	1.5

21**DOCUMENTS AVAILABLE****6.5**

(1) Refers to chapter and section numbers of the Universal Registration Document.

7.4 CROSS-REFERENCE TABLE WITH THE NON-FINANCIAL STATEMENT

Content of the Non-financial statement (article L. 225-102-1 of the French Commercial Code)	Section of the Universal Registration Document
Business model	1.4 & 2.1
Analysis of main risks	2.3
Social impacts	2.3.1
Environmental impacts	2.3.2
Respect for human rights	2.3.4.3 & 2.3.4.4
Anti-corruption and tax-evasion initiatives	2.3.4.5 & 2.3.4.6
Impact on greenhouse gas emissions due to Company activity and to the use of the goods and services it produces	2.3.3.1
Measures in support of sustainable development	2.3.2.1 & 2.3.2.2
Measures in support of the circular economy	2.3.3.2
Measures to fight food waste	2.3.3.2
Collective agreements signed by the Company and their impact on its economic performance, as well as employee health, safety and working conditions	2.4.1 & 2.3.4.4
Action taken to fight against discrimination and to promote diversity, and measures in support of people with disabilities	2.3.1.2
Other compulsory disclosures (agricultural and food legislation)	Section of the Universal Registration Document
Fight against food poverty, respect for animal welfare, and responsible, equitable and sustainable food	2.3.4.1

CONTACTS

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REGISTERED SHAREHOLDERS

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