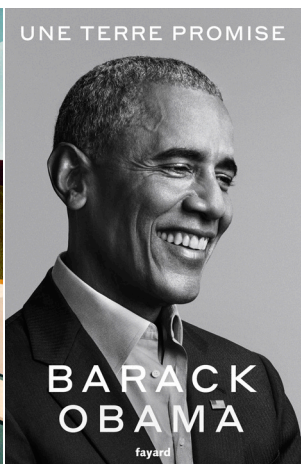


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# UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

FISCAL YEAR 2020



*Lagardère*

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# PROFILE

Created in 1992, Lagardère is an international group with operations in more than 40 countries worldwide. It employs some 28,000 people and generated revenue of €4,439 million in 2020.

Since 2018, under the impetus of the Group's General and Managing Partner, Arnaud Lagardère, the Group has undergone a strategic refocusing 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 6,954 employees, it creates 16,000 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 mobile games and board games.

**Lagardère Travel Retail** is the world's fifth largest travel retail merchant, with operations in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice. Lagardère Travel Retail has 19,355 employees across an international network of more than 4,850 points of sale in around one thousand airports, mainline and urban train stations.

The Group's business scope also includes Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, RFM, Virgin Radio and the Elle brand licence) together with Lagardère Live Entertainment.

Through this strategic refocusing, the Lagardère group is investing in its two strategic divisions with the aim of creating global leaders over the long term.

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** Sylvain Floirat asks Jean-Luc Lagardère to head the Europe 1 radio network.

**1977** Jean-Luc Lagardère is appointed Chairman and Chief Executive Officer of Matra.

**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** The French State acquires a 51% interest in Matra (excluding Hachette). Europe 1 is sold to the French State via Sofirad. Jean-Luc Lagardère and Daniel Filipacchi are appointed Chairman and Vice-Chairman of the Board of Directors of Hachette.

**1986** Hachette regains control of Europe 1.

**10 FEBRUARY 1988** Matra is privatised.

**30 DECEMBER 1992** Following the failure of French television channel La Cinq, 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.

**14 MARCH 2003** Death of Jean-Luc Lagardère.

**26 MARCH 2003** Arnaud Lagardère is appointed Managing Partner of Lagardère SCA.

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

**2007** The Group reorganises around four major institutional brands: Lagardère Publishing, Lagardère Services (which became Lagardère Travel Retail in 2015), Lagardère Active and Lagardère Sports (which became Lagardère Sports and Entertainment in 2015).

**2011** The Group sells its international magazine operations.

**2013** The Group divests its remaining interest in EADS.

**2015-2020** Acquisition of Paradies, Hojeij Branded Foods and International Duty Free (Travel Retail), and of Perseus Books, Bookouture, La Plage, Worthy Publishing Group, Short Books and Laurence King Publishing (Publishing), etc.

**2018-2020** Strategic refocusing of the Group around two priority divisions, Lagardère Publishing and Lagardère Travel Retail, as well as Other Activities (Lagardère News and Lagardère Live Entertainment).

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# UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

**Fiscal Year 2020**

## **Lagardère SCA**

French partnership limited by shares (*société en commandite par actions*)  
with share capital of €799,913,044.60

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](http://www.lagardere.com)



The Universal Registration Document was filed on 29 April 2021 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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Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

# 2020 KEY FIGURES

2020 was marked by the unprecedented crisis triggered by the Covid-19 pandemic, which gradually impacted all the Group's businesses as it spread worldwide and government restrictions were enforced in response.

Lagardère Travel Retail was particularly hard hit by the slump in global air traffic as a result of border closures, travel restrictions and lockdowns.

Despite closures of brick-and-mortar points of sale in Europe and North America for part of the year, Lagardère Publishing benefited from the increased appeal of reading among consumers amid a dearth of other cultural activities, and from strong growth in digital formats and board games.

Other Activities, Lagardère News and Lagardère Live Entertainment, were hit by the impacts of the health crisis on the advertising market, and by the closure of live entertainment venues.

The Group swiftly put in place major corrective measures to mitigate the impacts of the crisis at the division and corporate levels.

The Group restored profitability and cash generation in the second half of 2020, despite the health crisis, thanks to its strategic model focused on two core activities: the power engine, Lagardère Publishing, and the growth engine, Lagardère Travel Retail.

## Condensed consolidated income statement

(in millions of euros)

	2020	2019
<b>Revenue</b>	<b>4,439</b>	7,211
<b>Group recurring operating profit (loss) of fully consolidated companies</b>	<b>(155)</b>	378
Income (loss) from equity-accounted companies*	(58)	6
Non-recurring/non-operating items	(336)	27
Finance costs, net	(76)	(53)
Income tax benefit (expense)	31	(55)
<b>Profit (loss) for the year</b>	<b>(688)</b>	11
<b>Profit (loss) attributable to owners of the Parent</b>	<b>(660)</b>	(15)
<b>Adjusted profit (loss) attributable to owners of the Parent**</b>	<b>(330)</b>	200

(\*) Before impairment losses.

(\*\*) Excluding non-recurring/non-operational items.

# 2020 KEY FIGURES (CONT.)

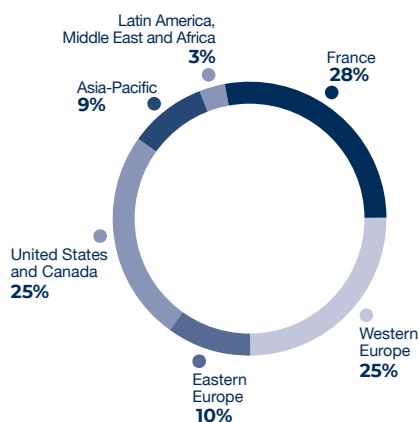
## Key figures by division

(in millions of euros)	Lagardère Publishing	Lagardère Travel Retail	Other Activities <sup>(*)</sup>	Non-retained scope <sup>(**)</sup>
Revenue	2,375	1,720	229	115
Recurring operating profit of fully consolidated companies	246	(353)	(47)	(1)
Free cash flow	223	(452)	(44)	17

(\*) Lagardère News, Lagardère Live Entertainment, Lagardère Paris Racing and the Group Corporate function.

(\*\*) Lagardère Sports and Lagardère Studios.

## Breakdown of 2020 revenue by geographic area



## Breakdown of workforce at 31 December 2020

	Executives		Managers		Other employees		Total		Women Men
	Women	Men	Women	Men	Women	Men	Women	Men	
Lagardère Publishing	213	152	1,851	1,075	2,201	1,462	4,265	2,689	6,954
Lagardère Travel Retail	73	118	1,310	1,208	11,557	5,089	12,940	6,415	19,355
Other Activities	11	21	421	422	143	208	575	651	1,226
<b>Group</b>	<b>297</b>	<b>291</b>	<b>3,582</b>	<b>2,705</b>	<b>13,901</b>	<b>6,759</b>	<b>17,780</b>	<b>9,755</b>	<b>27,535</b>

# 1

## OVERVIEW OF THE GROUP

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Items appearing in the Annual Financial Report are cross-referenced with the following symbol <sup>AFR</sup>

## 1.1 GENERAL INFORMATION ABOUT THE ISSUER

### 1.1.1 COMPANY NAME AND COMMERCIAL NAME

Company name: Lagardère SCA

Commercial name: Lagardère

### 1.1.2 REGISTERED OFFICE, ADDRESS, TELEPHONE, WEBSITE

**Registered office:**

4, rue de Presbourg – Paris 16<sup>e</sup> (75), France

**Website:**

www.lagardere.fr

**Postal address:**

4 rue de Presbourg, 75116 Paris, France

**Telephone:**

+33 (0)1 40 69 16 00

### 1.1.3 LEGAL FORM AND GOVERNING LAW

Lagardère is a French partnership limited by shares (*société en commandite par actions* – SCA).

### 1.1.4 PLACE OF REGISTRATION AND REGISTRATION NUMBER

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

Legal Entity Identifier: 969500VX2NV2AQQ65G45

### 1.1.5 DATE OF INCORPORATION AND TERM OF THE COMPANY

Lagardère was incorporated on 24 September 1980.

Its term will expire on 15 December 2079.

## 1.2 HISTORY

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

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

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

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

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

► **Major alliances and investments in the Defence and Space industries:** this European alliance strategy was initiated in the early 1990s, and underwent an important development in 1999 when Aerospatiale Matra was formed through the contribution of Matra Hautes Technologies – which held all of

Lagardère SCA's aerospace operations – to Aerospatiale. The process was completed on 10 July 2000 when all of Aerospatiale Matra's businesses were merged with those of DaimlerChrysler Aerospace AG and Spanish company CASA to form the European company EADS NV (renamed Airbus Group NV on 2 January 2014 and Airbus Group SE following transformation of the European company on 27 May 2015), in which Lagardère SCA indirectly held an interest of approximately 15%.

This interest was reduced to 7.5% in 2009 following the sale of three 2.5% tranches of EADS' capital in June 2007, June 2008 and March 2009. Following a series of transactions carried out in concert with the other joint shareholders, on 12 April 2013 Lagardère sold its entire interest for €2,283 million (€37.35 per share) by means of private placements through accelerated bookbuilding with qualified investors. The Lagardère group no longer owns any interest in Airbus Group SE.

► **Repositioning and streamlining in the media and communication industries, by means of:**

– a takeover of businesses in these two sectors, with the bid for Europe 1 Communication (Audiovisual business) in 1999, and the share exchange offer for Hachette Filipacchi Médias (Magazine Publishing business) in 2000, followed by an offer to purchase all of the remaining minority interests;



- several agreements signed, essentially in the audiovisual sector (acquisition of a 34% interest in CanalSatellite, replaced in early 2007 by a 20% interest in the pay television operator Canal+ France and the sale of this interest to the Vivendi group on 5 November 2013);
- the combination of the Magazine Publishing, Audiovisual and Digital businesses within a new entity, Lagardère Active, was completed in 2006. This division was formed as a result of the Group's ambition to become a leading international content publisher for all media as well as a worldwide "brand factory", and to accelerate its migration towards digital media.

In line with this goal, Lagardère Active acquired Newsweb and Doctissimo, France's top online content publishers;

- From 2010, in an effort to boost its growth and profitability, Lagardère Active began to streamline and rationalise its activities. The process notably involved:
  - sale of the International Magazine Publishing business to Hearst in 2011 (102 publications in 15 countries),
  - sale of its Radio business in Russia in December 2011,
  - sale of 10 French Magazine Publishing titles in July 2014;

► **the development of the Book Publishing business**, with regular investments in attractive markets such as France, Spain, the United Kingdom, Australia, the acquisition in 2002-2004 of Vivendi Universal Publishing's European assets in France and Spain, the purchase of Hodder Headline in the United Kingdom, and agreements in 2006 for the takeover of Time Warner Book Group and in April 2016 for the acquisition of Perseus Books Group; It has grown from 11<sup>th</sup> position in the world to become the 3<sup>rd</sup> largest publisher.

► **Creation of a Sports division, first named Lagardère Unlimited and later Lagardère Sports and Entertainment:**

- through the acquisition of:
  - Sportfive (early 2007), which acts as a partner to sporting bodies and clubs, helping them to extract maximum value from their broadcasting and marketing rights,
  - IEC in Sports (2007), a Swedish company specialised in the marketing of sports rights,
  - World Sport Group, which manages audiovisual broadcasting rights in Asia; Upsolut, which organises endurance sports events; and PR Event, the organiser of the Swedish Open Tennis tournament (all in 2008); and
- the combination in 2010 of all of the Sports division entities with the Best group (Blue Entertainment Sports Television), acquired in 2010, within the Lagardère Sports and Entertainment division. This gives Lagardère Sports and Entertainment strategic positioning along the entire sports rights value chain, comprising:
  - marketing, sponsorship and brand partnerships,
  - content creation, media rights, production and distribution,

- brand consulting, activation and digital services,
- stadium and arena management solutions,
- athlete management,
- event management,
- live shows and production,
- venue management.

► **Development of the Lagardère Travel Retail division:** the weight of the Travel Retail business has increased through organic growth and major acquisitions.

Examples of some important transactions include: the acquisition of ADR Retail Srl (since renamed Lagardère Services Travel Retail Roma), an operator of 13 duty free/duty paid stores in two airports in Rome, in September 2012 by Lagardère Services Travel Retail; the acquisition of an operator of retail stores in Amsterdam Schiphol airport, the Netherlands, in January 2014 by Aelia SAS (since renamed Lagardère Duty Free), a subsidiary of Lagardère Travel Retail; the formation of a partnership between Lagardère Travel Retail and a company operating over 200 points of sale in 11 countries, including Venice and Treviso airports, in April 2014; the acquisition of Paradies, a leader in airport travel retail in North America with long-term concessions in more than 76 airports, in October 2015; the acquisition of Hojeij Branded Foods, a leader in Foodservice in the Travel Retail market in North America, in November 2018; and the acquisition in September 2019 of International Duty Free, Belgium's leading Travel Retail 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).

- Under the impetus of Arnaud Lagardère, General and Managing Partner, the Group launched a strategic refocusing around two priority divisions in 2018, with the aim of making each the global leader in its sector:
  - Lagardère Publishing;
  - Lagardère Travel Retail.

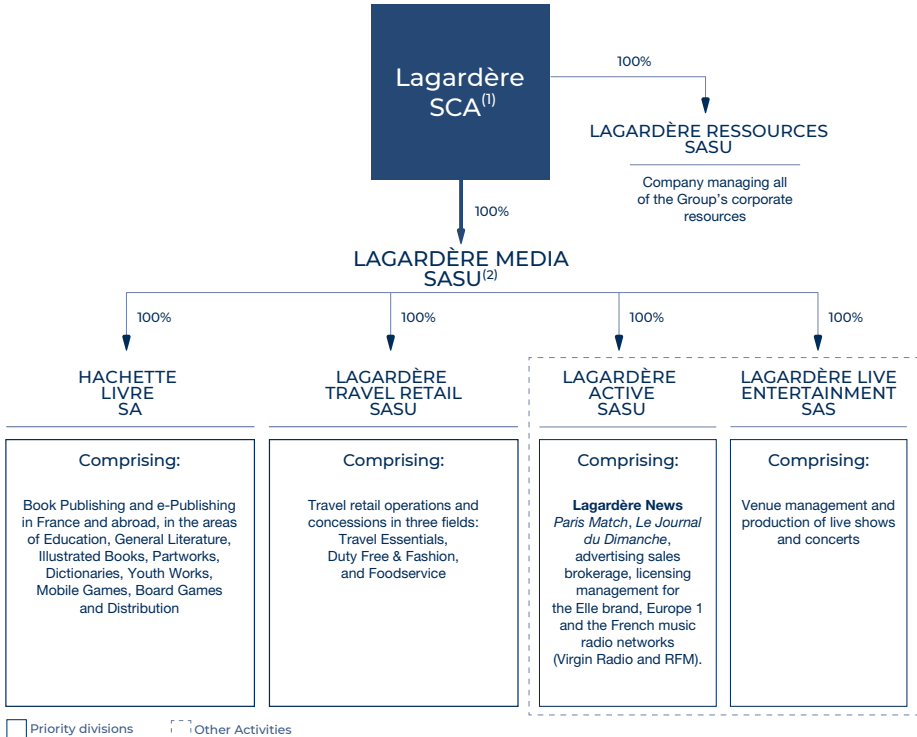
The main objective of this strategic refocusing was to improve the Group's industrial profile, making it simpler, more ambitious and streamlined, and to improve cash generation in order to fund the growth of the Group's two priority divisions.

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

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

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

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



(1) Organisation chart at 31 December 2020.

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

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

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

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

A detailed list of the Group's 551 consolidated subsidiaries and their locations is provided in note 38 to the consolidated financial statements.

Details of the positions held in these subsidiaries by Lagardère SCA corporate officers are presented in sections 2.2 and 2.3 of this Universal Registration Document.

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

Section 1.4 presents the businesses carried out by the principal Group subsidiaries and affiliates, and the key consolidated financial information concerning these companies is reported in the notes to the consolidated financial statements (Chapter 6, note 5 – Segment information). The Group has not identified any cases where access to its consolidated subsidiaries' results is restricted.

Lastly, the amount and nature of the financial transactions between Lagardère SCA and Group subsidiaries are described in section 2.8 below.

## 1.4 BUSINESS ACTIVITIES AND STRATEGY

**AFR**

Lagardère is an international group with operations in more than 40 countries worldwide. It employs some 28,000 people and generated revenue of €4,439 million in 2020.

Following the strategic refocusing led by Arnaud Lagardère, General and Managing Partner, the Group is now organised around two core businesses:

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

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

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;
- ▶ sustained investment in digital technologies.

In 2020, the global publishing market was hit by the Covid-19 health crisis, but the impact varied by region and led to growth in demand in all of Lagardère Publishing's geographic markets except France, as people bought more reading material, digital products and board games to offset the suspension of most cultural activities.

In the field of digital technology and the Internet, Lagardère Publishing offers 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.).

The division continues to diversify, having acquired several companies specialising in mobile games and board games. These investments reflect the strategic aim of exploring leisure activities adjacent to the world of publishing, including consumer games in all their components.

Lastly, as part of the strategy defined for the Group by Arnaud Lagardère, the division also plans to continue making targeted acquisitions in its core publishing business, similar to the transactions completed in 2020 (Le Livre Scolaire in France and Laurence King Publishing in the United Kingdom).

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

Lagardère Travel Retail is a pure player and global leader in the travel retail market:

- ▶ the fifth-largest travel retail operator (second-largest in airport travel retail);
- ▶ the world's largest international network of travel essentials stores;
- ▶ the European leader in the travel retail fashion segment;

- ▶ the fourth-largest operator in airport core duty free;
- ▶ the world's fourth-largest Foodservice provider in transit areas.

The Covid-19 health crisis led to a severe contraction in business across the travel and tourism industry. In response, objectives are now focused on preserving cash flow and the earnings stream, while supporting what is expected to be a recovery correlated with momentum in the vaccination campaigns.

The main priorities are to:

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

In addition to Lagardère Paris Racing and the Group Corporate function, the Group also owns the following core business units:

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

The health crisis also hit Lagardère News by squeezing advertising sales.

While continuing to optimise costs across the business base, Lagardère News is pursuing its core objectives, i.e., assert its identity and develop synergies, restore Europe 1's audience numbers, drive the faster digital transformation of its Press business, broaden the Elle branded business, grow the radio stations and diversify the revenue stream.

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

- ▶ producing concerts (Florent Pagny, -M-, Jean-Louis Aubert, etc.) and shows (*Les Souliers Rouges*, *Salut les copains*, *DISCO*, *Love Circus*, *Les Choristes*, etc.);
- ▶ managing entertainment venues, including the Folies Bergère, Casino de Paris, Bataclan, the Arkéa Arena concession and the public service concession for the Arena du Pays d'Aix.

Against the backdrop of the Covid-19 health crisis, which had a significant negative impact on the activities of Lagardère Live Entertainment due to closure of theatres and concert halls for most of 2020, the main objective of 2021 is to nurture an early recovery despite social distancing and reduced capacities in entertainment venues. Adaptability will remain the guiding principle, as it was throughout 2020. Over the medium term, Lagardère Live Entertainment's objective will be to maintain its market leadership in show production. The company will also continue to expand through its subsidiary L Productions, by signing both marquee stars and emerging artists.

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.

## 1.4.1 LAGARDÈRE PUBLISHING

### A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

The world's third-largest trade book publisher for the general public and educational markets<sup>(1)</sup> (number one in France<sup>(2)</sup>, number two in the United Kingdom<sup>(3)</sup>, number three in Spain<sup>(4)</sup>, and number four in the United States<sup>(5)</sup>), 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 this division, continue to pursue this goal.

Hachette Livre has a well-balanced, diversified portfolio that covers much of the editorial spectrum (Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Mobile Games, Board 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 present throughout the entire book 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 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 such prominent competitors as Editis,

Gallimard-Flammarion, Albin Michel and Média-Participations. Hachette Livre ranks number one in the fragmented General Adult Literature market, and first in literature for Youth and Illustrated Books, as well as in the traditionally more concentrated Textbook 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 thirteenth to 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 begun to diversify into mobile and board games, to explore new, fast-growing entertainment territories.

#### A.1 IN FRANCE<sup>(6)</sup>

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

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

In Textbooks, Hachette Livre is the leading publisher in France<sup>(7)</sup> thanks to two separate entities: Hachette Éducation and the Alexandre Hatier group and, following its acquisition in 2020, Le Livre Scolaire. These entities include such reputed publishers as Hachette, Hatier, Didier and Foucher and other strong brands (Bled, Bescherelle, Passeport, Littre et Gaffiot), enabling Hachette Livre to occupy a leading position on the extra curricular book segment.

In Reference and Dictionaries, famous assets include the brands Larousse, Hachette and Harrap's. Hachette Livre is number one in France for both monolingual and bilingual dictionaries. With its international reputation, Larousse generates around 30% of its revenue outside France, and is particularly well established as a brand in Spanish-language books.

(1) World publishing rankings prepared internally by Hachette Livre based on:

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

(2) Source: internal analyses based on statistics from the GfK survey panel and the data from the education group of the French publishers association.

(3) Source: internal data based on Nielsen BookScan in the United Kingdom.

(4) Source: internal estimates.

(5) Source: internal analyses based on NPD BookScan in the United States.

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

(7) Source: internal estimates.

The Academic and Professional activity includes Dunod-Armand Colin, the leader in France's higher education market.

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 230 million copies per year and supplies more than 15,000 bookshops, online booksellers, speciality stores, newsagents, news stands and supermarkets in France. Hachette Livre Distribution, the number one distributor in France, also operates in Belgium, Switzerland and French-speaking Canada.

## A.2 OUTSIDE FRANCE<sup>(1)</sup>

In 2020, Hachette UK was the United Kingdom's second-largest publisher, with 13.7%<sup>(2)</sup> of the print trade book market through nine divisions: Octopus for illustrated books; Orion; Hodder & Stoughton; John Murray Press; Headline; Little, Brown and Quercus for general literature, plus Bookouture since 2017; and Hachette Children's Group in the youth works segment.

These divisions and their range of brand names have also enabled Hachette Livre to develop operations in Australia, New Zealand, Ireland, India (where it is number two in the market), Singapore and the English-speaking Caribbean.

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

Lastly, Hachette Livre has a distribution business in the United Kingdom and, since 2019, a new, highly automated warehouse in Didcot.

Hachette España has been the third-largest publisher in Spain since Santillana's acquisition by Penguin Random House, 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 youth works segments. It is also very well established in Latin America, through its Larousse, Anaya, Bruño, Alianza, Algaida, Barcanova, Xerais and Salvat brands. In Mexico, Hachette Livre is one of the leading textbook publishers, under the Larousse and Patria brands.

In the United States, Hachette Book Group is the fourth-largest trade book publisher thanks to imprints such as Grand Central Publishing, Little, Brown and Company, as well as Little, Brown Books for Young Readers in the youth works segment; FaithWords and Worthy Books in the religious segment; Orbit in science fiction; Perseus in non-fiction; and Mulholland in crime fiction.

Hachette Livre also has distribution operations in the United States.

Partworks are published by the Collections division, and are sold per issue in news stands and by subscription. The Collections division has expanded internationally: Partworks are now published in 16 languages and 36 countries through subsidiaries based in France, the United Kingdom, Italy, Spain, Poland, Japan, Argentina 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 150 brands.

(1) Source: internal data, based on Nielsen BookScan in the United Kingdom, GfK in Spain and NPD BookScan data in the United States.

(2) Source: Nielsen.

## B) OPERATIONS DURING 2020

Contribution to consolidated revenue in 2020: €2,375 million (€2,384 million in 2019).

### Breakdown of revenue by activity

	2020	2019
Education	13.6%	14.6%
Illustrated Books	14.0%	13.1%
General Literature	44.7%	43.4%
Partworks	11.2%	12.3%
Other (including Reference and Distribution)	16.5%	16.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Breakdown of revenue by geographic area

	2020	2019
France	27.9%	29.3%
United Kingdom	18.0%	16.3%
United States	26.5%	25.5%
Spain	5.5%	6.0%
Other	22.1%	22.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

In 2020, the global publishing market was hit by the Covid-19 health crisis, but the impact varied by region and led to growth in demand in all of Lagardère Publishing's geographic markets except France. In France, the first lockdown, from March to May, weighed heavily on book sales, but was followed by a sharp rebound in June that continued into the second half. Overall, the market ended the year down 1.8%<sup>(1)</sup> in value.

In Spain, the textbook market declined after several regions cancelled their new textbook procurement programmes. The Trade market, on the other hand, held up well against the health crisis and the impact of the successive lockdowns, enabling total market value to edge up 0.8%<sup>(1)</sup> over the year.

In the English-speaking markets, e-book sales rose sharply in response to the various lockdowns, while audiobooks extended their spectacular growth across every market. Print book markets also rose during the year, by 5.5%<sup>(2)</sup> in the UK and 8.2%<sup>(3)</sup> in the US, led by online sales.

Against this backdrop, in 2020, Lagardère Publishing reported revenue of €2,375 million, down a slight 0.4% as reported and 0.8% like-for-like, and recurring operating profit of €246 million, up 12%. The increase in profit despite the decline in revenue reflected the cost-cutting plans immediately deployed in response to the Covid-19 crisis and the growth in digital formats.

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

1. constantly explore new growth opportunities by making the high value-creating acquisitions needed to maintain the division among the top-ranking publishing groups worldwide, which is an essential advantage conferring extra influence in negotiations with major customers. These acquisitions may also extend to related segments such as Board Games, in a commitment to reaching consumers who are shifting from books to other forms of entertainment;
2. spread risks across a significant number of markets and market segments to smooth the cyclical effects specific to each one;
3. concentrate acquisitions and the creation of new subsidiaries in countries belonging to language areas that offer critical mass in terms of potential markets;
4. offer publishing subsidiaries broad editorial independence to foster creativity, rapid response and team motivation, and therefore the ability to attract and retain the talented people who are the foundation of the division's organisation and success. This talent is what enables our publishers to discover, support and successfully develop the work of their authors;
5. actively seek out international bestsellers able to attract an extensive readership in all of the division's markets;
6. manage distribution both as a cost centre and a strategic link in the book value chain, in all of the division's markets;
7. continue to invest heavily in digital technologies to understand and satisfy authors, booksellers and readers more effectively;
8. selectively invest in high-growth markets.

(1) Source: GfK (by value).

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

(3) Source: NPDP BookScan (by volume).

**B.1 IN FRANCE**

In France, the health crisis and the successive lockdowns adversely impacted revenue, which declined by 0.4% in 2020 in every segment except General Literature.

Hachette Éducation and the Alexandre Hatier Group, for example, suffered from the fact that high school curricula were less extensively reformed than in 2019 (a single level revamped over the year), as well as from a steep decline in sales of French as a foreign language (FLE) textbooks due to the health crisis.

Illustrated Books also saw revenues soften due to a very sharp drop in sales of travel guides and the lack of a new *Asterix* album in 2020. The other divisions, such as how-to books, youth works and manga, all demonstrated very firm resilience.

Lastly, General Literature had a good year despite the closure of bookstores for several weeks. *Le Livre de Poche*, for example, reported higher revenue in a declining market. This was also the case for large-format publishers, in particular Fayard, led by the publication of Barack Obama's *A Promised Land* and new novels by Aurélie Valognes and Virginie Grimaldi, and Calmann-Lévy, with the publication of Guillaume Musso's *La vie est un roman*, the reissue of his *Skidamarink* and the publication of new works by Marie-Bernadette Dupuy. In addition, Stock enjoyed a good year, winning the Grand Prix du Roman, the Académie française's literary prize, for *La grande épreuve* by Étienne de Montety, while Grasset published Vanessa Springora's *Consent*, one of the year's most impactful titles. Lastly, Lattès benefited from the popularity of Olivia Ruiz's first novel, *La commode aux tiroirs de couleurs*.

**B.2 OUTSIDE FRANCE****United States**

In an environment shaped by a sharp 8.2%<sup>(1)</sup> increase in the print book market and robust growth in e-books and audiobooks, Hachette Book Group (HBG) reported higher revenue in 2020.

The year saw the market success of Andrzej Sapkowski's *The Witcher* saga, published by Orbit and developed into a series by Netflix, and the publication of Stephenie Meyer's new novel, *Midnight Sun*.

In addition, books on the theme of identity and racism came into high demand in the wake of the Black Lives Matter movement.

Lastly, digital audio and e-books pursued their spectacular growth in 2020, as the successive lockdowns drove gains of 21% and 16%, respectively, that staunched the recent-year erosion in sales.

**United Kingdom and the Commonwealth**

Hachette UK enjoyed a record year in 2020, with growth of 16.3%<sup>(2)</sup> in a trade print book market up 5.5%<sup>(2)</sup>.

The e-book and audio formats were major contributors to this performance, with strong growth of 21% and 50%, respectively.

Like Hachette Book Group, Hachette UK benefited from the success of *The Witcher* saga and the publication of *Midnight Sun*, but also from the release of the new J.K. Rowling novel, *The Ickabog*. More broadly, new title sales, particularly at Orion and Little, Brown, rose sharply in 2020 despite the lockdowns.

In addition, the Education business saw a slight contraction in market share after schools remained closed for several months.

**Spain and Latin America**

Following completion of the curriculum reform cycle initiated by the Organic Law for Improvement of the Quality of Education (LOMCE), changes in majorities in both national and regional parliaments,

as well as budgetary constraints in the regions, have generated a certain degree of buying hesitation, which was aggravated by the health crisis in 2020.

This prompted several regions to forego the procurement of new textbooks, causing the Education business to report lower revenues for the year.

Hachette España held up better in General Literature, boosted by the success of Woody Allen's *A propósito de nada* and, more generally, the remarkable performance of the Alianza publishing house.

In Latin America, Larousse Mexico and Patria suffered from a steep fall in sales to Mexican private schools and in the Trade segment, in a country hard hit by the health crisis. Only government sales remained resilient.

**Partworks**

Partworks sales declined as a result of the health crisis, which had a severe impact on Latin American countries. In addition, business in France suffered from Prestatals' difficulties in the first quarter. On the other hand, sales in Japan and Germany showed stronger resistance.

**B.3 OBJECTIVES AND ACHIEVEMENTS IN 2020**

Lagardère Publishing expected sales to decline somewhat in 2020, due to the lack of a new *Asterix* album and the more limited high school curriculum reform programme than in 2019.

This forecast was upended by the health crisis which, from March 2020 onwards, severely impacted the division's business, particularly in France and Spain. The rebound that began in France in June, and the remarkable resilience of the English-speaking geographies to both the health crisis and the lockdown restrictions fully offset the revenue shortfalls in the March to May period and kept revenue almost in line with 2019.

At €246 million, consolidated recurring operating profit rose by a robust €26 million (up 12%), buoyed by the ambitious cost-cutting plans deployed as March in every geography, as well as by the strong growth in the percentage of digital formats in the sales mix. As a result, the improvement in margins was particularly remarkable at Hachette Book Group and Hachette UK.

Partworks, where the division is world leader, also demonstrated the resilience of their business model.

Lastly, the merits of diversifying into board games were clearly evidenced when the division delivered organic growth of 15% in 2020.

**C) OUTLOOK**

Lagardère Publishing has entered 2021 with the publication of a new *Asterix* album, but without the prospect of any curriculum reform and an unprecedented degree of uncertainty due to the Covid-19 crisis.

In this environment, the division plans to pursue its strategy of diversifying into board games, which are enjoying strong growth with a business model that is very similar to book publishing.

It will also continue to make targeted acquisitions in its core publishing business, as it did in 2020 with the purchase of *Le Livre Scolaire* in France and Laurence King Publishing in the United Kingdom.

(1) Source: NPD BookScan (by volume).

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



## 1.4.2 LAGARDÈRE TRAVEL RETAIL

### A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

With operations in 39 countries on five continents, Lagardère Travel Retail is a global industry leader.

At year-end 2020, the division directly operated 4,855 stores contributing to its consolidated revenue stream. The geographic breakdown is as follows: 3,561 in Europe, Middle East and Africa, 474 in Asia-Pacific and 820 in North America.

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

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

And in four geographies:

- ▶ France;
- ▶ EMEA, which covers Europe other than France and business developments in the Middle East and Africa;
- ▶ ASPAC, which covers the Asia-Pacific region;
- ▶ North America, which covers the retail businesses in Canada and the United States.

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

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

- ▶ leveraging its current positions to increase effectiveness and brand awareness;
- ▶ expanding its concepts and commercial offerings in all markets;
- ▶ building on unique competitive positioning through its expertise in three business segments;
- ▶ intensifying its organic growth, particularly in the most dynamic markets, led by business development and contract renewals. Compelling examples in 2020 include:
  - In EMEA:
    - several concession awards in all three business segments in Italy, mainly in the Rome, Naples and Palermo airports. Following on from these three wins, Lagardère Travel Retail's presence was further broadened with the opening of a new Duty Free store in the Cagliari airport and the tender win for the Duty Free business at the Catania airport, Sicily's leading airport and Italy's sixth largest in terms of passenger traffic in 2019;
    - the opening of ten new Travel Essentials stores at the new Willy-Brandt Airport in Berlin, including eight opened by year-end 2020 and two scheduled to open in 2021;
    - renewal of the master concession at the Gdansk airport in Poland.
  - In Asia-Pacific:

- the award of Fashion, Watches & Jewellery, and Perfumes & Cosmetics concessions in China, both at new airports, in Guangzhou, Nanjing and Hangzhou, and at airports where the division was already present, such as Shanghai Hongqiao and Shenzhen. These concessions will add brands such as Bvlgari, Cartier and Burberry to the partnerships managed by the subsidiary;
  - the opening on 30 December 2020 of the second largest Duty Free shopping centre in Hainan, China, in partnership with Hainan Tourism Investment Development;
  - the award of concessions in Japan under the "Made in Pierre Hermès" concept.
- In North America:
- concession wins in Oklahoma City and Myrtle Beach, which will include the first Starbucks coffee shop operated by Lagardère Travel Retail in the United States.

In a still consolidating market, Lagardère Travel Retail is now the fifth-largest travel retail operator<sup>(1)</sup>, (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<sup>(2)</sup> in the Travel Retail Fashion segment;
- ▶ is the fourth-largest<sup>(2)</sup> operator in airport Core Duty Free;
- ▶ is the fourth-largest<sup>(2)</sup> Foodservice operator in transit areas worldwide.

The network includes the following stores operated:

- ▶ under its own banners:
  - with a global footprint, such as Relay, Hubiz, 1Minute, Hub Convenience, Discover, Tech2go, Aelia Duty Free, The Fashion Gallery, The Fashion Place, Eye Love, So Chocolate, Bread&Co., Hello!, Sol Coffee, Trib's, Vino Volo, Natoo, etc., or
  - with a strong local identity, such as BuY Paris Duty Free, Casa Del Gusto and The Belgian Chocolate House;
- ▶ under franchise or licence, with retail partners such as TripAdvisor, Fnac, iStore, Marks & Spencer, Hermès, Victoria's Secret, Nespresso, Costa Coffee, Burger King, Dean & DeLuca, Eric Kayser and Paul.

#### a. World leader in Travel Essentials<sup>(2)</sup>

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 areas, including in nearly 160 international airports. The segment counted 2,988 stores worldwide at the end of 2020.

Of these stores, 389 are operated by a network of franchisees in countries such as Belgium, Hungary, Poland, Romania, China, India, Pakistan, the United Arab Emirates and Cambodia.

Carrying a full range of travel essentials, the new Relay concept is designed to offer every traveller a suitable selection of what they need to facilitate and enhance their journey. The merchandise offering

(1) Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website ([www.moodiereport.com](http://www.moodiereport.com)) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry. The latest ranking is based on 2019 figures.

(2) Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website ([www.moodiereport.com](http://www.moodiereport.com)) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.



is now built around five major product categories: food, reading materials, gifts and souvenirs, travel items and children.

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

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

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

#### **b. A top player worldwide in Duty Free & Fashion**

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

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

In recent years, Lagardère Travel Retail has deepened its European presence in transit hub Fashion sales<sup>(1)</sup>, led by successful bids in Geneva, Switzerland, the Netherlands, the Avancorpo terminal at the Rome-Fiumicino airport in Italy, the Vienna airport in Austria and the Toulouse airport in France.

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

#### **c. Fast-growing operator in Foodservice**

Lagardère Travel Retail operates 1,126 Foodservice points of sale (including 9 operated by a network of franchisees) in 23 countries, including France, the Czech Republic, Poland, Italy, Austria, Iceland, North America, Gabon and Slovakia, and following the recent acquisition of Smullers, the Netherlands:

- ▶ under its own store names, with So! Coffee, Bread&Co., Trib's, Vino Volo, deCanto, Natoo, Smullers, etc.;
- ▶ through concepts tailored to meet the specific needs of licensors and locations: La Plage and Pan Garni at Nice-Côte d'Azur airport and Teppan at Paris-Charles-de-Gaulle airport in partnership with Thierry Marx (France), Lokskins Bar at Keflavik airport (Iceland), Bar Symon at the Pittsburgh airport (United States), etc.;
- ▶ under franchise agreements with major international brands including Starbucks, Costa Coffee, Prêt à Manger, Burger King, Ajisen Ramen, Eric Kayser, Paul, Dean & DeLuca, etc., or local brands such as SumoSalad, Java U, etc.

As such, this broad brand 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.

(1) Source: Moodie Report; Lagardère Travel Retail Strategy Department; company annual reports. The Moodie Report website ([www.moodiereport.com](http://www.moodiereport.com)) regularly publishes changes in the market share of Travel Retail operators and is recognised as a benchmark in the industry.

## B) OPERATIONS DURING 2020

Contribution to consolidated revenue in 2020: €1,720 million (versus €4,264 million in 2019).

### Breakdown of revenue by activity

	2020	2019
Travel Essentials	43.8%	37.8%
Duty Free & Fashion	34.7%	39.7%
Foodservice	21.5%	22.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Breakdown of revenue by geographic area (Travel Retail)

	2020	2019
France	19.9%	22.5%
Europe (excluding France), Middle East and Africa	43.4%	40.6%
North America	24.0%	25.0%
Asia-Pacific	12.7%	11.9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

Lagardère Travel Retail's revenue decreased by 59.7% as reported and by 60.1% like-for-like in 2020.

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

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

The contribution from the Duty Free & Fashion business declined slightly, to 34.7% of the consolidated total from 39.7% in 2019, reflecting the fact that the Duty Free stores are primarily located in airports.

Lastly, the Foodservice business represented 21.5% of consolidated revenue, versus 22.5% in 2019.

In absolute value, all of the geographies reported significant declines in revenue due to the Covid-19 health crisis.

#### B.1 COVID-19

The Covid-19 health crisis led to a severe contraction in business across the travel and tourism industry.

After rising 6.3% in 2018 and 2.9% in 2019, this past year saw worldwide air traffic plummet 53.1% in the period to October 2020.

In response, Lagardère Travel Retail took immediate action to protect its customers and employees, while implementing a plan to preserve earnings and cash that limited the negative impact of the decline in revenue on operating profit to 19.8%.

The main measures focused on overheads, which were reduced by just over €600 million by:

- ▶ renegotiating the contractual terms of concessions (cancelling fixed lease payments, reducing variable payment rates, deferring due dates);

- ▶ reducing the number of stores kept open and adjusting opening hours in agreement with concession grantors;
- ▶ adjusting payroll costs at every level, through furlough schemes if financed by local authorities, or through redundancies or pay cuts where no such financing was available;
- ▶ lastly, a significant reduction in non-essential costs (i.e., not needed for the company to operate) by limiting or renegotiating business travel costs, consulting fees, maintenance and cleaning expense, and royalties paid.

#### B.2 FRANCE

Lagardère Travel Retail reported a 62.9% fall in trading, due mainly to the measures restricting international air traffic. Non-airport trading declined to a lesser extent (down 47.1%), with rail traffic (mainly domestic) less affected by the travel restrictions.

In this unfavourable environment, the Travel Essentials network saw revenue fall by 55.0% over the year. The train station network contracted by 45.0%, while business in tourist destinations, like the Eiffel Tower, which remained closed for much of the year, plunged 71.3%.

The Foodservice segment declined by 52.9% overall, with a 64.2% drop in transit areas (of which declines of 75.4% in airports and of 53.4% in train stations) and a 44.8% fall in the hospital network.

The Duty Free & Fashion business saw managed sales plummet 71.4% year-on-year, reflecting the 69.6% drop in Paris air traffic that led to a number of terminal closures (Orly airport, for example, was closed from 31 March to 30 June 2020).

Regional hubs also experienced sharp declines in air traffic (70% at the Marseille-Provence and Lyon-Saint-Exupéry airports, 69% at the Nice-Côte d'Azur airport and 71% at the Bordeaux airport), which also led to terminal closures (including terminal 1 at Nice-Côte d'Azur).

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

Business in the EMEA region (excluding France) was severely curtailed in 2020, with revenue falling 54% versus 2019 due to the health crisis and its direct consequences, including the collapse in air traffic, border closures, the inability of EU countries to coordinate restriction policies, and the enforcement of strict and/or partial lockdowns since March 2020.

Operations in **Italy**, the country hardest hit by Covid-19 in the region, saw revenue drop by 77% year-on-year. The Duty Free business was particularly impacted by (i) the shutdown in air traffic during the first lockdown in March-April 2020, which literally brought the country to a standstill; and by (ii) the collapse in international and European tourism over the summer. As a result, Duty Free sales fell by 80% year-on-year after passengers virtually disappeared from the airports. At Rome-Fiumicino airport, for example, passenger traffic shrank by 70% over the period. The Travel Essentials and Foodservice businesses fared better thanks to their railway station stores and, especially, their motorway outlets, which enjoyed strong footfall during the summer, when most Italians drove to their vacation destinations in Italy or in neighbouring countries. Nevertheless, revenue in these two segments ended the year down 70% compared with 2019.

Sales fell 72% year-on-year in the **United Kingdom**, due to more stringent travel restrictions (border closures and tighter lockdowns) than in other European countries.

In **Belgium**, which was also heavily impacted by the virus, pro forma Duty Free revenue declined by 75% due to the 74% year-on-year collapse in air passenger traffic at Zaventem airport after air travel was shut down in April and May.

Sales in the **Netherlands** contracted by 62% over the year, outpacing the 55% decline in passenger traffic at Schiphol airport due to the serious impact on the Fashion business of the lack of Chinese, Russian and American passengers since March 2020. The Foodservice activity was also hard hit by the decline in railway passenger footfalls caused by the increase in working from home and the implementation of health restrictions (masks, shorter opening hours).

While also heavily impacted by the crisis, particularly since the second half of the year, operations in Central Europe were supported by a more resilient non-airport business.

In **Germany**, for example, revenue contracted by 52%, mainly on the decline in air traffic and the more restricted opening hours for Foodservice outlets.

In **Poland**, consolidated revenue ended the year down 60%. At 52%, the year-on-year decline in Duty Free revenue was less pronounced than in other countries thanks to the resilience of domestic travel. Although sales in non-transit area stores held up, the Travel Essentials and Foodservice businesses saw revenue decline by, respectively, 60% and 70% compared to 2019 as people switched from trains and subways to their cars.

Revenue in the **Czech Republic** fell back 50% versus 2019, mainly pushed down by the 80% year-on-year drop in air traffic at the Prague airport since March 2020. Nevertheless, Travel Essentials stores in train and metro stations showed greater resilience thanks to assortments more closely aligned with their local markets. In addition, the Foodservice business was affected by government mandated store closures, particularly in October-November 2020, when much stricter lockdown measures were deployed during the second wave of the outbreak than during the first wave in March-April.

Business in **Romania** declined by only 17%, buoyed by the resilience of the shopping mall network and the solid momentum in tobacco sales.

Revenue in **Bulgaria** was down a limited 11% year-on-year, as a significant increase in tobacco sales in the Travel Essentials network helped to offset some of the Covid-19 impact.

The Foodservice business in **Iceland** has been seriously hit by the health crisis, with revenue falling 80% following the almost 90% collapse in air traffic compared to 2019.

Lastly, in **Africa** (Senegal and Gabon) and the **Middle East** (Dubai and Saudi Arabia), business ended the year down respectively 45% and 66% due to the decline in air traffic.

### B.4 ASIA-PACIFIC

More than elsewhere, business in the **Asia-Pacific** region was particularly impacted by the extremely radical political decisions restricting both international and domestic travel. The closure of the Australian and New Zealand borders in March 2020 caused an immediate plunge in international air traffic. Australia's state borders also remained closed for several months, which had a considerable impact on domestic traffic. As a result, revenue declined by 74% compared with 2019.

In **Singapore** and **Hong Kong**, which are exclusively international hubs, traffic slowed to a halt in first quarter 2020, pushing revenue down by, respectively, 81% and 73% (excluding Hainan).

On 30 December 2020, Lagardère Travel Retail opened the second largest Duty Free shopping centre in **Hainan**, in partnership with Hainan Tourism Investment Development Co. Ltd (HTI). Lagardère Travel Retail is supplying HTI with merchandise in such categories as Perfumes & Cosmetics, Fashion & Accessories, Watches & Jewellery, Wine & Spirits, Confectionery & Fine Food and Toys, and assisting the company in operating the 30,000 sq.m in retail space on five floors.

In addition, once the Covid-19 epidemic was brought under control, business in **China** rebounded very quickly with an 18% gain led by the opening of the Hangzhou, Nanjing and Guangzhou platforms, the award of additional concessions in Shanghai Hongqiao and Shenzhen, and the full year contribution from the 2019 openings (Shanghai-Pudong, Beijing-Daxing, Zhengzhou, etc.). The health crisis severely impacted domestic traffic between February and May 2020, before returning to 2019 levels in the second half of the year. The crisis spurred the development of new retail channels such as online live stream shopping, where the product is presented and tried live on social media, and customers purchase with a click.

Lastly, a new organisation was set up in **Japan** to support the opening of two "Made in Pierre Hermé" boutiques in the Tokyo train station.

### B.5 NORTH AMERICA

In 2020, revenue in **North America** declined by 61.2% as reported and by 60.4% at constant scope of consolidation and exchange rates, mainly due to the health crisis and the attendant lockdowns, curfews and precautionary measures.

Nevertheless, the North American business continued to expand with the opening of new outlets over the year, including eight in Salt Lake City, six in Milwaukee, one in Broward County and three in San Antonio.

2020 revenue over the region as a whole breaks down as follows between the various segments: Travel Essentials 63%, Duty Free & Fashion 7% and Foodservice 30%.

## B.6 OBJECTIVES AND ACHIEVEMENTS IN 2020

The main objectives for 2020 were as follows:

- ▶ continue to improve our operational excellence;
- ▶ successfully integrate the 2019 acquisitions and the new stores opened after their concessions were won in 2019;
- ▶ maintain the growth dynamic;
- ▶ step up innovation and the ability to address CSR issues in both our daily and our strategic decisions.

However, given the magnitude of the health crisis across the industry, from the beginning of the year, the focus shifted to deploying measures to protect employees and preserve operating profit and cash.

## C) OUTLOOK

The outlook for Lagardère Travel Retail's business in 2021 primarily depends on the recovery in air traffic.

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

- ▶ continue renegotiating contractual terms with concession grantors as traffic resumes;

- ▶ diligently manage and optimise cash flow, inventory and other working capital items;
- ▶ align organisations with the new reality, while maintaining quality of execution and operational excellence;
- ▶ keep pace with the recovery and spur the Group to emerge from the crisis sooner, as a stronger, more agile organisation, in particular through the "LEaP Forward" transformation and optimisation program, 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.

With its widely recognised operational discipline, culture of empowering its subsidiaries and of performance, Lagardère Travel Retail can leverage a number of competitive advantages to meet these objectives.

## 1.4.3 OTHER ACTIVITIES

### 1.4.3.1 LAGARDÈRE NEWS

The following comments describe the position of Lagardère News based on its 2020 scope and business developments. Lagardère News comprises *Paris Match*, *Le Journal du Dimanche*, advertising sales brokerage, licensing management for the Elle brand, Europe 1 and the French music radio networks (Virgin Radio and RFM).

## A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

With three radio stations (Europe 1, Virgin Radio, RFM), two print media (*Paris Match*, *Le Journal du Dimanche*) and a global media imprint (*Elle*), Lagardère News brings together 6.3 million listeners<sup>(1)</sup> every day, more than 3.9 million readers<sup>(2)</sup> every week and nearly 13.5 million unique visitors<sup>(3)</sup> to its digital platforms.

### A.1 PRESS

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

With 13.6 million readers every month<sup>(2)</sup> across its various formats, *Paris Match* is France's leading news magazine, as measured by both audience and circulation. It enjoys a 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, *Le Journal du Dimanche* reaches 4.2 million readers, including France's top opinion leaders, in a variety of formats. With

its scoops and exclusive interviews with political, business and cultural leaders, as well as its hundreds of citations every week in other media, it is France's most predominant weekend newspaper and one of the country's most influential newspapers in the fields of politics, business and culture (film and book reviews).

Revenue is derived primarily from print and digital advertising sales, magazine distribution and diversification.

### A.2 RADIO

With its three national networks, Lagardère News is a major player in the French radio broadcasting market.

Radio station revenues are largely made up of radio and digital advertising revenue, which depend greatly on audience ratings and the state of the advertising market.

#### Europe 1

Europe 1, France's benchmark general-interest radio station, offers high-quality programmes for the general public, with 2.7 million daily listeners<sup>(4)</sup>.

#### Virgin Radio

Virgin Radio is a music station for 25 to 34-year-olds, blending creative programming and a dynamic, interactive format. Its mix of well-known pop, rock and electro hits and new tracks is enjoyed by more than 1.6 million listeners a day<sup>(4)</sup>.

#### RFM

Every day, RFM offers to more than 2 million listeners<sup>(4)</sup> the very best of music in a general interest, family-friendly format, featuring a rich blend of pop, disco, funk and rock.

(1) Source: Médiamétrie 126,000 Radio; Monday-Friday, 5 a.m.-midnight; 13 years and older; Europe 1, Virgin Radio and RFM; November-December 2020; cumulative audience.

(2) ACPM One Next 2020 V4 / ACPM Brand One Next Global 2020 V4.

(3) Médiamétrie NetRatings, total Internet audience in France, November 2020, unduplicated audience: Europe 1 (B), *Le Journal du Dimanche* (B), *Paris Match* (B), Virgin Radio (B), RFM (B); basis: 2 years and older.

(4) Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; November-December 2020; cumulative audience.

**A.3 ELLE INTERNATIONAL**

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

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

**A.4 ADVERTISING SALES BROKERAGE**

In 2020, 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 Europe 1, Virgin Radio and RFM radio stations, *Paris Match* magazine and *Le Journal du Dimanche* weekly, as well as for Oüi FM (in greater Paris) and Radio FG (in greater Paris and Nice). These are all iconic, standard-setting brands offering a close strategic fit and firm roots in the daily lives of French people avid for news and entertainment.

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

Lagardère Publicité News is a powerful name capable of reaching 30 million people, or 57% of the French population, over a three-week period<sup>(1)</sup>.

**B) OPERATIONS DURING 2020**

Contribution to consolidated revenue in 2020: €203 million (vs €236 million in 2019).

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

**Breakdown of revenue by activity**

	2020	2019
of which Press	34.7%	33.8%
of which Radio	49.2%	46.4%
Other (essentially Elle International)	16.1%	19.8%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Breakdown of revenue by geographic area**

	2020	2019
France	82.3%	76.0%
International	17.7%	24.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

2020 was shaped by the sharp slowdown in all forms of economic activity in France and around the world due to the Covid-19 health crisis and the successive lockdowns.

That led to a sharp fall in advertising sales in the five media (TV, cinema, radio, print, outdoor advertising) with internet down 9.6% in full-year 2020<sup>(2)</sup>. TV proved to be the most resilient medium, with spend contracting by 11%<sup>(2)</sup>, followed by radio (down 12.7%<sup>(2)</sup>) and print (down 26.2%<sup>(3)</sup>). Digital, on the other hand, was up 3%<sup>(4)</sup> in 2020.

**B.1 PRESS**

In the Press business, 2020 was doubly impacted by (i) the health crisis, which caused a decline in advertising spend in a large number

of markets and a drop in store footfalls for many long weeks; and (ii) the court-ordered receivership of Presstalis in the first half.

**Circulation** revenue for *Paris Match* and *Le Journal du Dimanche* ended the year down 4% on a like-for-like basis, compared with a 13% decline in 2019. Within the circulation revenue stream, subscriptions held up well, digital sales rose sharply and print sales suffered. However, both titles increased their market share.

Newsstand sales of *Paris Match* and *Le Journal du Dimanche* were dampened by industrial action at Presstalis and the closure of certain sales outlets, before conditions returned to normal in late September 2020.

In this environment, Lagardère News continued to publish its titles every week, responsibly pursuing its commitment to reporting the latest political and general news without ever compromising on quality.

(1) Source: 2020.1 Cross Media survey based on March 2020 data; Affimétrie, ACPM and Médiamétrie, base 15 years and older; one month's exposure; radio, print, fixed, mobile and tablet Internet; Lagardère Publicité News brands: Europe 1, RFM, Virgin Radio, *Paris Match*, *Le Journal du Dimanche*, excluding unreleased FG and Oüi FM results.

(2) Source: BUMP 2020.

(3) Source: BUMP 2020, commercial and digital advertising.

(4) Source: BUMP 2020, search + social networks + display + other.

- ▶ *Paris Match* maintained its leading position in paid circulation among French news magazines, with an average 511,996 copies per issue in 2020, stable<sup>(1)</sup> compared to 2019. In addition, it was voted magazine of the year by the French Union of Magazine Publishers (SEPM).
- ▶ *Le Journal du Dimanche* confirmed its position as one of France's leading national newspapers, with a 5.2%<sup>(1)</sup> increase in paid circulation in 2020 and an average 147,958 copies per issue.

#### In advertising:

- ▶ The magazine market suffered a severe 29.7% decline following the withdrawal of advertisers across a number of industries, including luxury goods, automobiles, cruises, travel and tourism<sup>(2)</sup>. *Paris Match* struggled in this environment, with reported performance further dampened by an unfavourable comparison with the very news-heavy 2019 (Notre Dame cathedral fire, death of Jacques Chirac, 70<sup>th</sup> anniversary of *Paris Match*, etc.).
- ▶ *Le Journal du Dimanche* demonstrated firm resilience in a newspaper market down 16.2%<sup>(2)</sup>, delivering revenue on a par with 2019.

#### In the digital segment:

- ▶ In 2020, *Paris Match* welcomed, on average, more than 5.4 million unique visitors to its website and its app every month, or 760,000 more than in 2019<sup>(3)</sup>. It also maintained an extensive social media presence with three million followers.
- ▶ *Le Journal du Dimanche* welcomed, on average, nearly 3.1 million unique visitors to its website and its app every month, or 822,000 more than in 2019<sup>(3)</sup>. Since May 2019, the website has posted a daily newsletter, *Le Journal de Demain*, at 6:30 p.m. from Monday to Saturday, in the spirit of the print edition's editorial promise to give readers a head start on tomorrow's news.

## B.2 RADIO

### Europe 1

#### Key figures:

In 2020, Europe 1 had a cumulative audience of 5%<sup>(4)</sup>, down 0.5 points compared with 2019 and down 1.4 points compared with 2018.

Audience share stood at 4.1%<sup>(4)</sup>, down 0.2 points on 2019 and 1 point on 2018.

Europe 1's 2020 performance against its commercial targets was as follows:

- ▶ 2.8% audience share in the 25-59 demographic<sup>(5)</sup>, down 0.1 points versus 2019 and 0.6 points versus 2018;
- ▶ 3.8% audience share among AB+ listeners<sup>(6)</sup>, down 0.1 points compared with 2019 and 1.1 points compared with 2018.

For the 2020-2021 season, Europe 1 is focused on maintaining a sense of continuity, with Matthieu Belliard continuing to anchor the

morning slot and Sonia Mabrouk conducting the political interview, but with Nicolas Canteloup providing two comedic interludes this season.

During the rest of the day, listeners could enjoy such familiar voices as Christophe Hondelatte, Anne Roumanoff, Olivier Delacroix, Patrick Cohen, Émilie Mazoyer and Mélanie Gomez.

In a commitment to moving upmarket and gaining new listeners, Europe 1 refreshed its line-up by bringing in two major talents, with Stéphane Bern joining Matthieu Noël between 4 p.m. and 6 p.m. and Julian Bugier taking the helm for *Europe Soir*.

They will support Europe 1's goal of further expanding its global horizons to reaffirm the station's solid positioning in its four traditional pillars: news, entertainment, culture and storytelling. As exemplified in the *La France bouge* programme, Europe 1 wants to express an optimistic, constructive vision of tomorrow's world, as it continues to engage with people seeking to push back borders, innovate and actively participate in building a positive, harmonious society. More than ever, Europe 1 hopes to let its advertising slogan resonate and "listen to the world change."

Lastly, the station is demonstrating its agility in responding to new listening patterns with innovative content. In one example, more than 107 million podcasts<sup>(7)</sup> were downloaded in 2020, a 30% increase on 2019 that has firmly established the station as a leading player in this new market.

#### Music radio

***Of all the radio stations in France, Virgin Radio is the one that resonates most with the 25-49 demographic, which represents nearly three out of four listeners (71%).***

In a very anaemic music radio market, where the health crisis had an outsized impact on younger programming, Virgin Radio reported a cumulative audience of 3% and an audience share of 1.9%<sup>(8)</sup>.

2020 saw the departure of Camille Combal in June, after six seasons on Virgin Radio in the morning, and the arrival of Manu Payet, who took over as anchor of *Virgin Tonic*, the morning show in the 7 a.m. to 10 a.m. slot.

From September to December, Manu's show reached more than one million listeners<sup>(9)</sup>, comparable to his predecessor's audience numbers from January to June (excluding the lockdown).

It also remained the second most popular music station morning show with the 25-49 age bracket, based on cumulative audience<sup>(10)</sup>.

#### RFM, steadfast loyalty:

Listened to by more than 2 million people each day, RFM still enjoys one of the longest time spent listening levels in the French music radio market, at one hour 35 minutes a day, or four minutes more than in 2019<sup>(11)</sup>.

The station's performance is being buoyed by:

- ▶ a strong morning line-up, with Élodie Gossuin and Albert Spano in the 6 a.m. to 9:30 a.m. slot helping more than one million listeners

(1) Source: ACPM-OJD 2020.

(2) Source: BUMP 2020.

(3) Source: Médiamétrie - NetRatings Global Internet; Average January-November 2020 vs. Average January-November 2019.

(4) Source: Médiamétrie 126,000 Radio; 13 years and older; Monday-Friday, 5 a.m.-midnight; January-December 2020; cumulative audience and audience share.

(5) Source: Médiamétrie 126,000 Radio; 25-59 years; Monday-Friday; 5 a.m.-midnight; January-December 2020; audience share.

(6) Source: Médiamétrie 126,000 Radio; AB+ listeners; Monday-Friday; 5 a.m.-midnight; January-December 2020; audience share.

(7) Source: Médiamétrie eStat Podcast; 2020 vs. 2019.

(8) Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday, 5 a.m.-midnight; November-December 2020; cumulative audience and audience share.

(9) Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday, 7 a.m. to 10 a.m.; September-December 2020; cumulative audience.

(10) Source: Médiamétrie 126,000 Radio; 25-49 years; average Monday-Friday; 7 a.m. to 10 a.m.; September-December 2020; cumulative audience; ranking among music stations.

(11) Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday; 5 a.m. to midnight; November-December 2020 vs. November-December 2019; cumulative audience and time spent listening per listener.

to start their day. Audience share of their programme, *Le Meilleur des Réveils* rose by 0.2 points to 2.6% over the year<sup>(1)</sup>;

- ▶ increasingly popular musical programming, with the 9:30 a.m. to 4 p.m. slot gaining 61,000 new listeners and 0.1 points of audience share<sup>(2)</sup>;

- ▶ historically high weekend audiences, with a 4% share topping the French music station league tables <sup>(3)</sup>.

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

Cumulative audience %	2013	2014	2015	2016	2017	2018	2019	2020
Europe 1	9.0%	8.9%	9.0%	8.1%	7.2%	6.4%	5.5%	5.0%
Virgin Radio	4.3%	4.2%	4.7%	5.0%	4.8%	4.5%	4.3%	3.4%
RFM	4.4%	4.6%	4.5%	4.4%	4.2%	4.1%	4.0%	3.9%

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

### B.3 ELLE INTERNATIONAL

For Elle's international licensing business, 2020 was shaped by:

In the media segment:

- ▶ the launch of *Elle* in Brazil;
- ▶ the launch of *Elle* in Kazakhstan;
- ▶ the signature of a worldwide Elle Education licensing agreement for online education programmes;
- ▶ further development of certain online events, with Elle Active (France, Italy, Japan, etc.), Elle Deco International Design Awards, etc.;
- ▶ the simultaneous publication of *Special Green* issues in 30 editions of *Elle* and 10 editions of *Elle Decoration*, to celebrate the 50<sup>th</sup> anniversary of Earth Day.

In the non-media segment:

- ▶ the launch of an Elle Decoration paint collection with Crown in Europe;
- ▶ the launch of a women's ready-to-wear fashion line in Japan with QVC;
- ▶ the launch of Elle Sport, Elle Lingerie and Elle Kids in the United Kingdom;
- ▶ the signature of a worldwide Elle Decoration wallpaper licensing agreement with Erismann;
- ▶ the signature of a hairdresser salon contract in China.

### B.4 OBJECTIVES AND ACHIEVEMENTS IN 2020

In 2020, the Lagardère News teams demonstrated agility, commitment and creativity in responding to the year's very unusual business environment. They worked hard to keep all of the division's media vibrant and capable of fulfilling their core news and entertainment missions. In this completely novel situation, they steadfastly continued to offer reliable, insightful news and high-quality entertainment.

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

### C) OUTLOOK

The 2021 outlook primarily depends on the recovery of advertising. Lagardère News remains committed to asserting its identity as a group of influential, creative, impactful media brands.

While continuing to optimise costs across the business base, Lagardère News will pursue its core objectives in 2021, to express its identity and develop synergies, restore Europe 1's audience numbers, drive the faster digital transformation of its Press business, broaden the Elle branded business, grow the radio stations and diversify the revenue stream.

#### 1.4.3.2 LAGARDÈRE LIVE ENTERTAINMENT

##### A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

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

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

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

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

In 2020, Lagardère Live Entertainment and its subsidiaries employed the full-time equivalent of 101 people across France (including occasional performers).

(1) Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday; 6 a.m. to 9:30 a.m.; November-December 2020 vs. November-December 2019; cumulative audience and audience share.

(2) Source: Médiamétrie 126,000 Radio; 13 years and older; average Monday-Friday; 9:30 a.m. to 4 p.m.; November-December 2020 vs. November-December 2019; cumulative audience and audience share.

(3) Source: Médiamétrie 126,000 Radio; 13 years and older; average Saturday-Sunday, 5 a.m.-midnight; November-December 2020; audience share.



## A.1 PRODUCTION OF LIVE SHOWS AND CONCERTS

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

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

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

## B) LAGARDÈRE LIVE ENTERTAINMENT: A YEAR MARRED BY THE HEALTH CRISIS IN 2020

Contribution to consolidated revenue in 2020: €5.4 million (vs €27.1 million in 2019).

### Breakdown of revenue by activity

	2020	2019
of which production of live shows and concerts	13%	38%
of which venue management	87%	62%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

Unfortunately, in 2020, the company was prevented from maintaining its growth momentum by the Covid-19 crisis and the resulting government-mandated health precautions that directly impacted the live entertainment business.

In an attempt to fight the spread of the Covid-19 virus, the government imposed a series of restrictions from March 2020:

- ▶ March 15 to June 2020: entertainment venues closed to the public;
- ▶ July to October 2020: successively, capacity limited to 1,000 people; mandatory seating and face masks; each group of fewer than six people spaced at least one seat apart; curfew from 9 p.m. to 6 a.m., etc.;
- ▶ November to December 2020: entertainment venues closed to the public.

These measures and the health crisis forced the postponement of Jean-Louis Aubert's tour in 2021, the cancellation of tours by -M- and emerging talents Leonie and Laurie Darmon, and the shutdown of the *Les Souliers Rouges* show, then running at the Folies Bergère.

## B.1 PRODUCTION OF LIVE SHOWS AND CONCERTS

2020 was expected to be a prolific year, with:

- ▶ the continuation and finale of the -M- tour;
- ▶ Jean-Louis Aubert's tour, with 30 shows scheduled on the Zénith circuit;
- ▶ *Les Souliers Rouges* at the Folies Bergère;
- ▶ Laurie Darmon and Leonie on tour, first in clubs and then in festivals.

Nevertheless, this very unusual year enabled Lagardère Live Entertainment to sign emerging new talents like comedian Philippine Delaire, while expanding the digital presence of its artists

## A.2 VENUE MANAGEMENT

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

The management system for these venues comprises support services centralised at head office and operational services devolved to each self-managing venue. In addition, the system encourages skills synergies among the venues and the sharing of capabilities and practices. In this way, the expertise and experience of the company's assets can flow through to each unit, with the shared goal of driving growth.

via live streaming. -M- and Jean-Louis Aubert, for example, were among the artists attracting the most views during their Facebook Live events.

At the same time, the company pursued its commitment to raising awareness of social responsibility issues among its employees, contract entertainment workers and service providers. During the tours, this commitment was demonstrated by such initiatives as replacing single-use bottled water with water fountains and personalised water bottles and implementing selective waste sorting systems, etc.

## B.2 VENUE MANAGEMENT

After an exceptional year in 2019, with 743 shows and more than one million spectators, the above-mentioned health measures unfortunately prevented the venues from operating normally in 2020. In all, more than 300 shows were postponed or cancelled in Lagardère Live Entertainment venues.

## C) OUTLOOK

The primary objective in 2021 will be to restart the business as soon as possible in compliance with any social distancing, reduced capacity and customer journey rules. Adaptability will remain the guiding principle, as it was throughout the past year.

Although activity in entertainment venues is likely to remain very limited in first-half 2021 due to the ongoing health restrictions, a return to more normal levels is expected in the second half of the year.

On the show production side, the major upcoming event will be the Jean-Louis Aubert and Florent Pagny tours in the autumn of 2021. Over the medium term, Lagardère Live Entertainment's objective will be to maintain its market leadership in show production. The company will also continue to expand through its subsidiary L Productions, by signing both marquee stars and emerging artists, supported in particular by its constant A&R search for the new talents who will make the music of tomorrow.



## 1.5 REGULATORY ENVIRONMENT

### 1.5.1 SPECIFIC REGULATIONS APPLICABLE TO THE GROUP

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

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

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

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

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

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

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

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

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

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

## 1.2 AUTHORISATIONS REQUIRED AND COMPLIANCE WITH QUOTAS

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

This is the case for radio broadcasting in France, for which authorisations must be sought for specific periods determined by the French broadcasting authority (*Conseil supérieur de l'audiovisuel* – CSA) pursuant to the French law of 30 September 1986. They are governed by a convention signed with the CSA and renewed in compliance with the above-mentioned law.

Pursuant to the French laws of 30 September 1986 and 1 August 1986, foreigners and particularly those 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 the CSA 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.

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

## 1.6 CONSOLIDATED KEY FIGURES FOR 2020

### 1.6.1 CONSOLIDATED KEY FIGURES

(in millions of euros)	2020 <sup>(2)</sup>	2019 <sup>(2)</sup>	2018 <sup>(1)</sup>
Revenue	4,439	7,211	6,868
Recurring operating profit of fully consolidated companies <sup>(3)</sup>	(155)	378	385
Non-recurring/non-operating items	(336)	27	63
of which impact of IFRS 16 on concession agreements <sup>(4)</sup>	(17)	60	41
Income from equity-accounted companies <sup>(5)</sup>	(58)	6	3
<b>Profit before finance costs and tax</b>	<b>(549)</b>	<b>411</b>	<b>451</b>
Finance costs, net	(76)	(53)	(57)
Interest expense on lease liabilities	(74)	(85)	(76)
Income tax benefit (expense)	31	(55)	(124)
Profit (loss) from discontinued operations <sup>(3)</sup>	(20)	(207)	5
<b>Profit for the year</b>	<b>(688)</b>	<b>11</b>	<b>199</b>
o/w attributable to minority interests	(28)	26	22
o/w attributable to owners of the Parent	(660)	(15)	177
<b>Total equity</b>	<b>827</b>	<b>1,672</b>	<b>1,868</b>
<b>Cash and cash equivalents (net debt)</b>	<b>(1,733)</b>	<b>(1,461)</b>	<b>(1,367)</b>
<b>Goodwill</b>	<b>1,461</b>	<b>1,564</b>	<b>1,624</b>
<b>Cash from investing activities</b>	<b>206</b>	<b>502</b>	<b>554</b>

(1) 2018 data restated for the full retrospective application of IFRS 16.

(2) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 2019. Its earnings and cash flows for 2020, 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

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

(4) Including gains and losses on leases.

(5) Before impairment losses.

## 1.6.2 PER SHARE DATA

(in euros)	2020 <sup>(3)</sup>		2019 <sup>(3)</sup>		2018 <sup>(1)/(3)</sup>	
	basic	diluted <sup>(2)</sup>	basic	diluted <sup>(2)</sup>	basic	diluted
Profit (loss) attributable to owners of the Parent, per share	(5.11)	(5.11)	(0.12)	(0.12)	1.36	1.34
Equity attributable to owners of the Parent, per share	5.61	5.56	11.73	11.58	13.21	13.04
Cash flow from (used in) operations before change in working capital, per share <sup>(3)</sup>	(0.25)	(0.25)	3.82	3.77	3.39	3.34
Share price at 31 December	20.48		19.43		22.02	
Dividend	-		-		1.30	
Extra dividend	-		-		-	

(1) 2018 data restated for the full retrospective application of IFRS 16.

(2) The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.

(3) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 2019. Its earnings and cash flows for 2020, 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

## 1.7 MAJOR INVESTMENTS

The Group's major contractual commitments in terms of investments are described in notes 32 and 33 to the 2020 consolidated financial statements.

### 1.7.1 INVESTMENT AND INNOVATION POLICY

#### 1.7.1.1 PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(in millions of euros)	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>
Lagardère Publishing	39	35	42
Lagardère Travel Retail	121	162	130
Other Activities	7	11	9
<b>Total target scope</b>	<b>167</b>	<b>208</b>	<b>181</b>
Assets sold and pending disposal at Lagardère Active	3	7	34
<b>Total</b>	<b>170</b>	<b>215</b>	<b>215</b>

(1) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 31 December 2019. Its earnings and cash flows for 2020, 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

#### 1.7.1.2 PURCHASES OF INVESTMENTS

(in millions of euros)	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018 <sup>(1)</sup>
Lagardère Publishing	31	32	14
Lagardère Travel Retail	2	249	308
Other Activities	2	3	7
<b>Total target scope</b>	<b>35</b>	<b>284</b>	<b>329</b>
Assets sold and pending disposal at Lagardère Active	1	3	10
<b>Total</b>	<b>36</b>	<b>287</b>	<b>339</b>

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

(1) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 31 December 2019. Its earnings and cash flows for 2020, 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

### 1.7.2 MAJOR INVESTMENTS IN 2018

Purchases of property, plant and equipment and intangible assets essentially concerned Lagardère Travel Retail, in line with its growth strategy, and to a lesser extent Lagardère Publishing (particularly logistics projects in the United Kingdom and the United States) and the assets sold and pending disposal at Lagardère Active (fitting out of new premises following the sale of a building in Levallois-Perret).

Purchases of investments mainly included the November 2018 acquisition of Hojeji Branded Foods (HBF), a leading Foodservice operator in North America, by Lagardère Travel Retail. Purchases also included Lagardère Publishing's acquisition of US publisher Worthy Publishing Group and the acquisition of a majority stake in Skyhigh TV, the Netherlands' leading independent production company, in assets sold and pending disposal at Lagardère Active.

### 1.7.3 MAJOR INVESTMENTS IN 2019

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

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

### 1.7.4 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.

**1.8 MAJOR CONTRACTS****AFR****1.8.1 MAJOR CONTRACTS BINDING THE GROUP**

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

**SALE OF THE TELEVISION BUSINESS (EXCLUDING MEZZO) TO THE M6 GROUP**

On 24 May 2019, Lagardère and the M6 group signed the sale agreement for the Lagardère group's Television business (excluding Mezzo). The business included Gulli and its international extensions, Canal J, Tiji, Elle Girl TV, MCM, MCM Top, RFM TV, and the related advertising sales brokerages.

Following approval by the French broadcasting authority (CSA) and the country's competition authorities, the transaction closed on 2 September 2019. The deal was based on a valuation of €215 million (enterprise value).

**SALE OF MEZZO TO THE LES ÉCHOS-LE PARISIEN AND CANAL+ GROUPS**

On 17 July 2019, the Lagardère group, together with France Télévisions, sold its stake in Mezzo to the Les Échos-Le Parisien and Canal+ groups.

**ACQUISITION BY LAGARDÈRE TRAVEL RETAIL OF INTERNATIONAL DUTY FREE (IDF), BELGIUM'S LEADING TRAVEL RETAIL OPERATOR**

On 19 September 2019, Lagardère Travel Retail completed the acquisition of International Duty Free (IDF), the travel retail market leader in Belgium, which also has operations in Luxembourg and Kenya.

Announced on 25 July 2019, this acquisition has cemented Lagardère Travel Retail's position as the world's third-largest operator of Duty Free airport points of sale and as the European leader in Travel Retail, raising its annual revenue to €5.3 billion<sup>(1)</sup>. It has also enabled Lagardère Travel Retail to extend its presence to a major new European hub, Brussels, with high-quality operations, while consolidating its positions in Luxembourg and in Africa with entry into Kenya. Lagardère Travel Retail is also able to capitalise on IDF's experience in the expanding premium Belgian chocolate segment to strengthen its international operations in this category.

The acquisition was valued at €250 million<sup>(2)</sup>, or around 8x IDF's pro forma EBITDA<sup>(3)</sup> for 2020, factoring in €7 million in recurring synergies expected to be unlocked through to 2022.

**SALE OF LAGARDÈRE SPORTS TO H.I.G. CAPITAL**

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

The transaction valued the business alone at some €110 million<sup>(4)</sup> and the entire Lagardère Sports and Entertainment division at around €150 million<sup>(5)</sup>. This valuation does not include the future value creation potential of the Group's residual 25% interest in Lagardère Sports, or any potential gains from the Confederation of African Football (CAF) agreement.

**SALE OF LAGARDÈRE STUDIOS TO MEDIAWAN**

On 19 June 2020, the Lagardère group received an offer from Mediawan to acquire all outstanding shares of Lagardère Studios. The transaction, which closed on 30 October 2020, priced Lagardère Studios at an enterprise value of €100 million, of which €85 million was paid on closing (including around €20 million paid in Mediawan shares immediately sold by the Group) and up to €15 million in contingent consideration payable in 2023.

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

- (1) Based on 100% of 2018 revenue, including the pro forma contribution of HBF on a full-year basis, which would translate into consolidated pro forma revenue of €4.1 billion.
- (2) Enterprise value based on zero cash and debt.
- (3) Pro forma EBITDA corresponds to estimated budgeted EBITDA for 2020 (first year of operation), plus recurring run-rate synergies of €7 million.
- (4) The enterprise value breaks down as €55 million in net investment income payable subject to various time scales and conditions, and €55 million in liabilities (pension obligations and non-controlling interests). The estimated €55 million impact on net cash breaks down as: (i) €22.5 million receivable on the closing of the transaction; (ii) €63 million in the form of a vendor loan reimbursable in line with cash receipts from the Asian Football Confederation (AFC); (iii) €35 million in the form of a vendor loan reimbursable on 31 December 2025 (or earlier, in the event of a change of control); and (iv) €(66) million in cash deconsolidated, as estimated for the expected closing date of the transaction.
- (5) The Lagardère group retains its entire interest in Lagardère Live Entertainment, valued in its financial statements at just over €40 million.

## 18.2 CONTRACTS INVOLVING MAJOR COMMITMENTS FOR THE WHOLE GROUP

Lagardère and/or its subsidiaries have also entered into a certain number of major contracts (other than those entered into in the normal course of business) involving an obligation or major commitment for the whole Group. The contracts concerned are the financing contracts referred to in Chapter 6, note 26 to the 2020 consolidated financial statements, particularly the following:

- ▶ on 11 May 2015, Lagardère SCA arranged a €1.25 billion multi-currency syndicated credit facility for general corporate purposes, which replaced the previous €1.645 billion facility, signed in 2011. At the end of its initial five-year term, the facility was extended for two years, to May 2022. On December 18, 2020, Lagardère SCA and its partner banks agreed to amend the facility to lower the line of credit to €1.1 billion, extend the maturity of a €1.0 billion tranche from 2022 to March 2023 and redefine the financial covenants to reflect the impact of the health crisis on all of the Lagardère Group's businesses (see note 28.1 to the consolidated financial statements);
- ▶ on 6 April 2016, Lagardère SCA 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%;
- ▶ on 14 June 2017, Lagardère SCA 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, Lagardère SCA 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, Lagardère SCA issued a total of €500 million worth of seven-year bonds on the Luxembourg stock market, maturing in October 2026 and paying an annual coupon of 2.125%;
- ▶ on 18 December 2020, Lagardère SCA Lagardère arranged a €465 million French government-backed loan, with a lending syndicate comprising BNP Paribas, Commerzbank, Crédit Agricole Corporate and Investment Bank, Crédit Agricole Île de France, LCL, ING, Natixis, Société Générale and UniCredit. The loan, whose initial one-year maturity may be extended at the Group's option by up to five more years, is 80%-guaranteed by the French State, in accordance with a decision of the Ministry of the Economy, Finance and Recovery on 31 December 2020, in application of article 6 of law 2020-289 of 23 March 2020 amending the 2020 Finance Act (see note 28.1 to the consolidated financial statements).



## 1.9 REAL ESTATE PROPERTY

The total net value of property, plant and equipment belonging to the Lagardère Group amounted to €709 million in 2020, based primarily on the gross value of land (€47 million) and buildings (€674 million). Note that this amount also includes the value of improvements to premises leased to third parties, such as the Lagardère Travel Retail sales outlets. The net book value of land and buildings came to €359 million, or approximately 4.2% of the balance sheet total.

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

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

The Group no longer owns any investment properties.

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# 2

## CORPORATE GOVERNANCE REPORT

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

Ladies and Gentlemen,

This report contains all of the information required by article L. 22-10-78 of the French Commercial Code (*Code de commerce*), including, where appropriate, the information adapted to French partnerships limited by shares, as set out in articles L. 225-37-4 and L. 22-10-9 to L. 22-10-11. The additional information on the

matters referred to in paragraph 2 of article L. 22-10-10 of the French Commercial Code is covered in section 4.3.1.2 – Diversity and gender balance in human capital.

It was prepared with the assistance of the Supervisory Board Secretary and Group General Secretariat, and was approved by the Supervisory Board on 26 April 2021.

## 2.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES AND OF LAGARDÈRE SCA

**AFR**

### 2.1.1 GENERAL PRESENTATION OF FRENCH PARTNERSHIPS LIMITED BY SHARES

A French partnership limited by shares (*société en commandite par actions* – SCA) has two categories of partners:

- ▶ one or more General Partners (*Associés Commandités*), who are indefinitely personally liable for the Company's liabilities;
- ▶ Limited Partners (*Associés Commanditaires* or shareholders), whose situation is the same as that of shareholders in a joint-stock corporation (*société anonyme*). Their holdings can be sold or otherwise transferred under the same conditions as shares in a joint-stock corporation, and they are liable for the Company's

liabilities only to the extent of their contribution to the partnership. They are represented by a Supervisory Board.

A partnership limited by shares is managed by one or more Managing Partners (*Gérants*), who may be individuals or corporate entities.

As there are two categories of partners, collective decisions are taken at two different levels: by the Limited Partners in General Meetings, and by the General Partners. Members of the Supervisory Board are only appointed by the Limited Partners. If a General Partner is also a Limited Partner he cannot take part in the vote.

### 2.1.2 PRESENTATION OF LAGARDÈRE SCA

The provisions of French law related to partnerships limited by shares, as well as the Company's Articles of Association (see section 2.10), give Lagardère SCA an up-to-date organisational structure that is wholly in line with current corporate governance requirements, as it effectively complies with the two basic principles of establishing a clear distinction between management and control, and closely involving shareholders in the oversight of the Company.

This structure is characterised as follows:

- ▶ There is a very clear segregation between the Managing Partners who are responsible for running the business and the Supervisory Board, which represents the shareholders and is responsible for overseeing the Company's accounts and management. The Managing Partners cannot be members of the Supervisory Board, and the General Partners cannot take part in appointing the members of the Supervisory Board.

- ▶ The Supervisory Board is entitled to oppose the General Partners' appointment or re-appointment of a Managing Partner, although the final decision thereon is made by shareholders during an Ordinary General Meeting (see section 2.10.6). The term of office of a Managing Partner cannot exceed six years, but may be renewed.

- ▶ The General Partners' unlimited liability to the full extent of their assets is evidence of the proper balance between financial risk, power and responsibility.

- ▶ The Supervisory Board is entitled to receive the same information and has the same powers as the Statutory Auditors.

- ▶ The Supervisory Board must draw up a report on any proposed increase or reduction in the Company's share capital to be submitted to shareholders for approval.

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

## 2.2 GENERAL PARTNERS AND MANAGING PARTNERS



### 2.2.1 GENERAL PARTNERS

The General Partners are:

- ▶ **Arnaud Lagardère**, domiciled at 4, rue de Presbourg, 75016 Paris, France, appointed in this capacity by the Extraordinary General Meeting of shareholders on 13 May 2003;

- ▶ **Arjil Commanditée-Arco**, a French joint-stock corporation with share capital of €40,000, whose registered office is located at 4, rue de Presbourg, 75016 Paris, France, registered with the Paris Trade and Companies Registry under number 387 928 393, appointed in this capacity by the Extraordinary General Meeting of shareholders on 30 December 1992.

### 2.2.2 MANAGING PARTNERS

The General Management of the Company is the responsibility of the Managing Partners, who are appointed by the General Partners with the approval of the Supervisory Board.

Each executive corporate officer represents and commits to the Company in its relations with third parties.

The Managing Partners are responsible for:

- ▶ determining the Group's strategy;
- ▶ guiding development and control;
- ▶ making the necessary major management decisions and ensuring that those decisions are implemented both at the level of the parent company and in the various divisions.

The Company's two Managing Partners are:

- ▶ **Arnaud Lagardère**; and
- ▶ **Arjil Commanditée-Arco**.

Significant changes currently planned concerning the Managing Partners will be put to the General Meeting of shareholders on 30 June 2021 (see section 6.1.1.3).

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

**2.2.2.1 ARNAUD LAGARDÈRE****Managing Partner, Lagardère SCA****Chairman and Chief Executive Officer, Arjil Commanditée-Arco SA, and Managing Partner, Lagardère SCA**

4 rue de Presbourg,  
75116 Paris, France

Date of birth:  
18 March 1961

Nationality: French

Number of Lagardère SCA shares held directly and indirectly at 31 December 2020 (see section 2.9.8.1): 9,521,625.

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) in 1987, and was Chairman of the US company Grolier Inc. from 1994 to 1998.

Arnaud Lagardère was appointed Managing Partner following a decision of Arjil Commanditée-Arco, which was approved by the Supervisory Board on 26 March 2003, and the Supervisory Board approved the General Partners' proposals to renew his appointment on 11 March 2009 and 11 March 2015 for successive six-year terms, and on 17 August 2020 for a four-year term expiring on 17 August 2024.

Arnaud Lagardère controls and is the Chairman of Lagardère SAS, LM Holding SAS and Lagardère Capital SAS (formerly Lagardère Capital & Management), with which he held a 7.26% stake in Lagardère SCA at 31 December 2020 (see section 2.9.8.1).

**Directorships and other positions held in the Group (at 31 December 2020)***In France:*

- ▶ Chairman and Chief Executive Officer and Chairman of the Board of Directors, Lagardère Media SAS
- ▶ Director, Hachette Livre SA
- ▶ Chairman of the Supervisory Board, Lagardère Travel Retail SAS
- ▶ Chairman of the Supervisory Board, Lagardère Active SAS
- ▶ Director, Lagardère Ressources SAS
- ▶ Chairman, Fondation Jean-Luc Lagardère
- ▶ Chairman, Lagardère Paris Racing Ressources sports association (not-for-profit organisation)
- ▶ Chairman, Lagardère Paris Racing sports association (not-for-profit organisation)

*International:*

- ▶ Chairman, Lagardère North America (United States)

**Directorships and other positions held outside the Group (at 31 December 2020)***In France:*

- ▶ Chairman, Lagardère SAS
- ▶ Chairman, Lagardère Capital (formerly Lagardère Capital & Management SAS)
- ▶ Chairman, Lagardère Management SAS
- ▶ Chairman, LM Holding SAS

**Former directorships and other positions held in the last five years***In France:*

- ▶ Chairman of the Executive Committee, Lagardère Sports and Entertainment SAS (until October 2019)
- ▶ General Manager, Europe 1 Digital (SARL) (formerly Lagardère News) (until March 2020)
- ▶ General Manager, Europe News SNC (until March 2020)
- ▶ Chairman, Europe 1 Télécompagnie SAS (until March 2020)
- ▶ Chairman, Lagardère Médias News SAS (until March 2020)

*International:*

- ▶ Chairman, Lagardère Sports LLC, formerly Lagardère Sports Inc. – United States (until February 2020)
- ▶ Deputy Chairman, Lagardère Active Broadcast – Monaco (until March 2020)
- ▶ Chairman, Lagardère Sports US LLC, formerly Sports Investment Company LLC – United States (until April 2020)
- ▶ Member of the Board of Directors, Lagardère Sports Asia Investments Ltd – Singapore (until April 2020)
- ▶ Member of the Board of Directors, Lagardère Sports Asia Holdings Ltd – Singapore (until April 2020)

### 2.2.2.2 ARJIL COMMANDITÉE-ARCO

A French joint-stock corporation

with share capital of €40,000.

4 rue de Presbourg – 75116 Paris, France.

Registered with the Paris Trade and Companies Registry under number 387 928 393.

Represented by Arnaud Lagardère, Pierre Leroy and Thierry Funck-Brentano.

Arjil Commanditée-Arco was appointed as a Managing Partner further to a decision of the General Partners approved by the Supervisory Board on 17 March 1998, and the Supervisory Board approved the General Partners' proposals to renew its appointment on 12 March 2004, 10 March 2010 and 9 March 2016 for successive six-year terms, with the latest term expiring on 17 March 2022.

Arjil Commanditée-Arco does not hold any directorships or other positions.

At the time of the most recent re-appointment of Arjil Commanditée-Arco on 9 March 2016, in application of the provisions of article 14-2 of the Articles of Association and based on a recommendation of the General Partners, the Supervisory Board re-appointed, within Arjil Commanditée-Arco:

- ▶ Arnaud Lagardère, as Chairman and Chief Executive Officer;
- ▶ Pierre Leroy, as Deputy Chairman and Chief Operating Officer;
- ▶ Thierry Funck-Brentano, as Chief Operating Officer.

As legal representatives of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA, Pierre Leroy and Thierry Funck-Brentano act as "Co-Managing Partners" of Lagardère SCA and are, along with Arnaud Lagardère, executive corporate officers.

**Positions held by the legal representatives of Arjil Commanditée-Arco in other companies (at 31 December 2020):**

**ARNAUD LAGARDÈRE (SEE ABOVE)**



**PIERRE LEROY****Co-Managing Partner of Lagardère SCA****Secretary General of the Lagardère group**

4 rue de Presbourg,  
75116, Paris, France

Date of birth:  
8 October 1948

Nationality: French

Number of Lagardère SCA shares held at 31 December 2020: 105,135

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

He was appointed Director and Chief Executive Officer of MMB (which became Lagardère SCA) 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 was re-appointed in 2010 and 2016.

**Directorships and other positions held in the Group (at 31 December 2020)**

*In France:*

- ▶ Director, Deputy Chairman and Chief Operating Officer, Lagardère Media SAS
- ▶ Chairman and Chairman of the Board of Directors, Lagardère Ressources SAS
- ▶ Director, Hachette Livre SA
- ▶ Member of the Supervisory Board, Lagardère Travel Retail SAS
- ▶ Member of the Supervisory Board, Lagardère Active SAS
- ▶ Chairman of the Supervisory Board, Société d'Exploitation des Folies Bergère SAS
- ▶ Chairman, Lagardère Participations SAS
- ▶ Chairman, Lagardère Expression SAS
- ▶ Chairman, Dariade SAS
- ▶ Chairman, Sofrimo SAS
- ▶ Director, Fondation Jean-Luc Lagardère
- ▶ Chairman and Chief Executive Officer, Lagardère Paris Racing Ressources SASP

*International:*

- ▶ Director, Lagardère Active Broadcast SA – Monaco
- ▶ Member of the Board of Directors, Lagardère UK Ltd – United Kingdom

**Directorships and other positions held outside the Group (at 31 December 2020)**

*In France:*

- ▶ Chief Operating Officer, Lagardère Capital SAS, formerly Lagardère Capital & Management
- ▶ Chief Executive Officer, Lagardère Management SAS
- ▶ Chairman, IMEC (Institut Mémoires de l'Édition Contemporaine)
- ▶ Chairman, Mémoire de la Création Contemporaine Endowment Fund
- ▶ Chairman of the jury for the Prix des Prix literary awards
- ▶ Chairman of the jury for the Prix de la littérature arabe literary awards
- ▶ Director, Bibliothèque nationale de France Endowment Fund

**Former directorships and other positions held in the last five years**

*In France:*

- ▶ Permanent representative of Lagardère Participations on the Board of Directors of Galice SA (until January 2015)
- ▶ Manager, Team Lagardère SNC (until January 2016)
- ▶ Liquidator, Financière de Pichat & Compagnie SCA (until May 2016)
- ▶ Representative of Lagardère Participations as Chairman of Hélios SAS (until January 2017)
- ▶ Director, Ecrinvest 4 SA (until June 2017)
- ▶ Chairman, Holpa SAS (until November 2019)

**THIERRY FUNCK-BRENTANO****Co-Managing Partner of Lagardère SCA****Chief Human Relations, Communications and Sustainable Development Officer, Lagardère group**

4 rue de Presbourg,  
75116, Paris, France

Date of birth:  
2 May 1947

Nationality: French

Number of Lagardère SCA shares held at 31 December 2020: 202,089

Thierry Funck-Brentano holds a master's degree in management from the University of Paris Dauphine as well as an MBA from Northwestern University (Kellogg) in the United States. He has spent his entire career with the Lagardère group.

He was appointed Co-Managing Partner of Lagardère SCA in March 2010, and was re-appointed in 2016.

**Directorships and other positions held in the Group (at 31 December 2020)**

*In France:*

- ▶ Director and Chief Operating Officer, Lagardère Media SAS
- ▶ Permanent representative of Lagardère Media SAS on the Board of Directors of Hachette Livre SA
- ▶ Member of the Supervisory Board, Lagardère Active SAS
- ▶ Member of the Supervisory Board, Lagardère Travel Retail SAS
- ▶ Chairman, Lagardère Live Entertainment SAS
- ▶ Director, Lagardère Ressources SAS
- ▶ Member of the Supervisory Board, Société d'Exploitation des Folies Bergère SAS
- ▶ Director, Fondation Jean-Luc Lagardère
- ▶ Director, Secretary General and Treasurer, Lagardère Paris Racing Ressources sports association (not-for-profit organisation)
- ▶ Secretary General and member of the steering committee, Lagardère Paris Racing sports association (not-for-profit organisation)

*International:*

- ▶ Director, Lagardère Active Broadcast SA – Monaco

**Directorships and other positions held outside the Group (at 31 December 2020)**

*In France:*

- ▶ Director, Lagardère Capital SAS (formerly Lagardère Capital & Management)

**Former directorships and other positions held in the last five years**

*In France:*

- ▶ Representative, Lagardère Sports and Entertainment, Chairman, Lagardère Unlimited Stadium Solutions SAS (until January 2017)
- ▶ Chairman of the Supervisory Board, Matra Manufacturing & Services SAS (until June 2017)
- ▶ Director, Ecrinvest 4 SA (until June 2017)
- ▶ Member of the Executive Committee, Lagardère Sports and Entertainment SAS (until October 2019)
- ▶ Chairman, Lagardère Sports and Entertainment SAS (until April 2020)

*International:*

- ▶ Member of the Board of Directors, Lagardère Sports Asia Holdings Ltd – Singapore (until April 2020)
- ▶ Member of the Board of Directors, Lagardère Sports Asia Investments Ltd – Singapore (until April 2020)

**2.3 SUPERVISORY BOARD****AFR****2.3.1 MEMBERS****A) OVERVIEW OF THE SUPERVISORY BOARD****SUPERVISORY BOARD MEMBERSHIP AND DIVERSITY IN 2020****63**Average  
age**37.5%**Percentage of women  
on the Board<sup>(\*)</sup>**10**Number  
of meetings**97%**Attendance  
rate**100%**Independence  
rate**SUPERVISORY BOARD**

9 members:

- Patrick Valroff (Chairman)
  - Jamal Benomar
  - Valérie Bernis
  - Soumia Malinbaum
  - Guillaume Pepy
  - Gilles Petit
  - Nicolas Sarkozy
  - Susan M. Tolson
- including 1 employee-representative member:
- Michel Defer

**3 COMMITTEES****AUDIT****3 members | 7 meetings | 92% attendance rate**

- Patrick Valroff (Chairman)
- Guillaume Pepy
- Susan M. Tolson

**STRATEGY****4 members | 7 meetings | 100% attendance rate**

- Guillaume Pepy (Chairman)
- Gilles Petit
- Patrick Valroff
- Nicolas Sarkozy

**APPOINTMENTS, REMUNERATION AND CSR****4 members | 7 meetings | 100% attendance rate**

- Gilles Petit (Chairman)
- Jamal Benomar
- Valérie Bernis
- Soumia Malinbaum

**BOARD EXPERTISE**International experience | **5 members**Senior executive and financial expertise | **6 members**Business and other expertise | **7 members**

(\*) The percentage of women on the Board dipped below 40% further to the General Meeting of 5 May 2020, as a result of the vote not to re-appoint Martine Chêne.

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

Pursuant to the Articles of Association, the Supervisory Board comprises a maximum of ten members plus either one or two members representing employees.

Around a quarter of Board members are replaced or re-appointed each year. Members are appointed for a maximum term of four years.

At 31 December 2020, the Board comprised nine members:

### List of members of the Supervisory Board at 31 December 2020

	Personal information				Experience	Position on the Board				Participation in Board Committees
	Age	Sex	Nationality	Number of shares	Number of directorships held in listed companies <sup>(1)</sup>	Independence <sup>(2)</sup>	First appointed	End of term of office	Board seniority	
<b>Patrick Valroff</b> Chairman	72 years	M	French	600	0	Yes	27 April 2010	2022 OGM*	11 years	Audit Committee (Chairman) Strategy Committee
<b>Jamal Benomar</b>	64 years	M	British Moroccan	150	0	Yes	12 September 2018	2023 OGM*	2 years	Appointments, Remuneration and CSR Committee
<b>Valérie Bernis</b>	63 years	F	French	150	2	Yes	31 August 2020 <sup>(4)</sup>	2021 OGM*	1 years	Appointments, Remuneration and CSR Committee
<b>Michel Defer</b> Employee representative	60 years	M	French	0	0	N/A	4 November 2020	4 November 2024	1 years	
<b>Soumia Malinbaum</b>	59 years	F	French	650	1	Yes	3 May 2013	2021 OGM*	8 years	Appointments, Remuneration and CSR Committee
<b>Guillaume Pepy</b>	63 years	M	French	600	1	Yes	27 February 2020 <sup>(3)</sup>	2024 OGM*	1 years	Audit Committee meetings Strategy Committee (Chairman)
<b>Gilles Petit</b>	65 years	M	French	600	1	Yes	10 May 2019	2023 OGM*	2 years	Strategy Committee Appointments, Remuneration and CSR Committee (Chairman)
<b>Nicolas Sarkozy</b>	66 years	M	French	1,301	3	Yes	27 February 2020 <sup>(3)</sup>	2022 OGM*	1 years	Strategy Committee
<b>Susan M. Tolson</b>	59 years	F	American	600	3	Yes	10 May 2011	2023 OGM*	10 years	Audit Committee
<b>Laure Rivière</b> Secretary										

(1) Outside the Lagardère group.

(2) Under the Afep-Medef corporate governance criteria applied by the Supervisory Board (see below).

(3) Co-optation effective 28 February 2020.

(4) Co-optation effective 1 September 2020.

\* The Ordinary General Meeting to be held in the year indicated to approve the financial statements for the previous year.

## B) LIST OF DIRECTORSHIPS AND OTHER POSITIONS HELD BY SUPERVISORY BOARD MEMBERS

### PATRICK VALROFF

*Chairman of the Supervisory Board*

*Chairman of the Audit Committee*

*Member of the Strategy Committee*

Nationality: French  
4 rue de Presbourg,  
75116 Paris, France  
Date of birth:  
3 January 1949

Patrick Valroff holds a degree in law and is a graduate of the Institut d'Études Politiques de Paris and École Nationale d'Administration. He began his career in the French civil service. In 1991, he joined the specialist consumer credit company Sofinco as Deputy Chief Executive Officer. In 2003, he was appointed Head of Specialised Financial Services at Crédit Agricole SA Group, which comprises Sofinco, Finaref, Crédit Agricole Leasing and Eurofactor, and subsequently served as Chairman and Chief Executive Officer of Sofinco. From May 2008 to December 2010, Patrick Valroff was Chief Executive Officer of Crédit Agricole Corporate and Investment Bank.

Patrick Valroff is an honorary magistrate at the French National Audit Office (*Cour des Comptes*).

#### Directorships and other positions held in other companies

*In France:*

- ▶ Director of not-for-profit association La Protection sociale de Vaugirard
- ▶ Member of the Financial Committee of the International Chamber of Commerce

#### Directorships and other positions expired during the last five years

- ▶ Senior Advisor to Omnes Capital
- ▶ Director, Néovacs<sup>(1)</sup>

(1) Listed company.

### JAMAL BENOMAR

*Member of the Supervisory Board*

*Member of the Appointments, Remuneration and CSR Committee*

Nationality: British and Moroccan  
9 Rutland Road  
Scarsdale  
NY 10583  
United States  
Date of birth:  
11 April 1957

Jamal Benomar has 35 years of experience in roles with international responsibility, including as Special Advisor to the UN Secretary-General and as Under-Secretary-General.

After earning degrees in sociology, economics and politics from the universities of Rabat, Paris and London, Jamal Benomar worked as a lecturer and research associate. At the UN, his work focused on diplomatic actions and governance issues.

#### Directorships and other positions held in other companies

*Outside France:*

- ▶ Chairman of the Board of Directors of Centre international pour les initiatives de dialogue (ICDI)

#### Directorships and other positions expired during the last five years

None

**VALÉRIE BERNIS****Member of the Supervisory Board****Member of the Appointments, Remuneration and CSR Committee**

Nationality: French  
86, avenue de Breteuil  
75015 Paris, France  
Date of birth:  
9 December 1958

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 Officer, in 1996 she joined Compagnie de Suez as Executive Vice-President – Communications, and then in 1999 was appointed Deputy CEO in charge of Corporate Communications and Sustainable Development. During that time, she also served for five years as Chair and CEO of Paris Première, a French TV channel.

**Directorships and other positions held in other companies***In France:*

- ▶ Member of the Board of Directors, Chair of the CSR Committee and member of the Remuneration Committee, Atos<sup>(1)</sup>
- ▶ Member of the Board of Directors, Chair of the Remuneration 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 Nominations Committee, Occitane International SA (Luxembourg)<sup>(1)</sup>

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

- ▶ Member of the Supervisory Board of Euro Disney SCA<sup>(1)</sup>
- ▶ Member of the Board of Directors, Suez SA<sup>(1)</sup>

(1) Listed company.

**MICHEL DEFER****Member of the Supervisory Board Employee representative**

Nationality: French  
34, Grande Rue,  
28700 Le Gue de Longroi,  
France  
Date of birth:  
26 July 1960

Michel Defer, has been an employee of the Lagardère Publishing division for almost 38 years and is currently an electromechanical service technician at the Hachette Livre Services and Operations division distribution centre.

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

None

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

None

**SOUMIA MALINBAUM****Member of the Supervisory Board****Member of the Appointments, Remuneration and CSR Committee**

Nationality: French  
17, rue des Acacias  
75017 Paris, France  
Date of birth:  
8 April 1962

Soumia Malinbaum has spent most of her career working in the digital and technologies sector, both as a founder and managing director of small and medium-sized companies. She is currently Deputy Chief Executive Officer of Keyrus, a management consulting firm which was merged with Specimen, the IT company she created and managed for 15 years. Before being appointed Business Development Manager of the group, she was Director of Human Resources.

She is extremely committed to promoting and managing diversity in the corporate environment and is President of the European Association of Diversity Managers and founder of the French equivalent (AFMD).

**Directorships and other positions held in other companies***In France:*

- ▶ Director of Nexity<sup>(1)</sup> and member of the Remuneration and Appointments Committee

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

- ▶ Member of the Board of Directors, Université Paris Dauphine
- ▶ Director and Chair of the Audit Committee, FMM (France Médias Monde)
- ▶ Member of the Educational Board, HEC Paris
- ▶ Member of the Board of Directors, Institut du monde arabe (IMA)

(1) Listed company.

**GUILLAUME PEPEY****Member of the Supervisory Board****Chairman of the Strategy Committee****Member of the Audit Committee**

Nationality: French  
 2, rue des Versailles  
 Beauvillage  
 64200 Biarritz  
 Date of birth:  
 26 May 1958

A graduate of Institut d'études politiques de Paris and École nationale d'administration, Guillaume Pepy began his career as an auditor before becoming a legal assistant at the Conseil d'État, France's highest administrative court. Having pursued a career at ministerial office level (Technical Advisor to the Chief of Staff of the Budget department, Chief of Staff to the Minister for Civil Service and Administrative Reform, then Chief of Staff to the Minister for Labour, Employment and Vocational Training), he became Deputy Chief Executive Officer in charge of business development at the Sofres group in 1996. The following year, he took the helm at SNCF's Mainline Services unit, later becoming head of all passenger business. He created Voyages-sncf.com and served as its chairman from 1998 to 2006, before being appointed Group Chief Operating Officer by Louis Gallois in 2003. On 27 February 2008, he was appointed by Nicolas Sarkozy as Chairman of SNCF for a five-year term, and was re-appointed by François Hollande in 2013. In his second term, Guillaume Pepy's primary mission was to continue leading France's major rail reform and pave the way for the creation of the new SNCF rail group on 1 January 2020.

Guillaume Pepy has also been President of the Initiative France business support network since 30 June 2020 and Vice-President of the National Choreographic Centre in Biarritz since 11 September 2020. He is a Senior Advisor to Sales Force and to the Canadian Pension Plan Investment Board.

**Directorships and other positions held in other companies***In France:*

- ▶ Director, Patrimoine Orient-Express fund
- ▶ Director, Memorial pour la mémoire de la Shoah
- ▶ President, Initiative France
- ▶ Vice-President, National Choreographic Centre, Biarritz
- ▶ Senior Advisor to BCG Paris

*Outside France:*

- ▶ Senior Advisor to Sales Force<sup>(1)</sup>
- ▶ Senior Advisor for Europe to the Canadian Pension Plan Investment Board

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

- ▶ Director, Chairman of the Appointment, Compensation and Governance Committee, member of the Strategy Committee, and Chairman of the Audit and Financial Statements Committee, Suez<sup>(1)</sup>
- ▶ Chairman of the Management Board, SNCF
- ▶ Chairman and Chief Executive Officer, SNCF Mobilités
- ▶ Member of the Supervisory Board, Systra
- ▶ Director, Comuto SA (BlaBlaCar)
- ▶ Member of the Supervisory Board, Keolis
- ▶ Member of the Board of Directors, Nuovo Traporto Viaggiatori
- ▶ Directorships and other positions held in various SNCF group companies

(1) Listed company.

**GILLES PETIT****Member of the Supervisory Board****Member of the Strategy Committee****Chairman of the Appointments, Remuneration and CSR Committee**

Nationality: French  
 67, rue de Versailles  
 92410 Ville-d'Avray,  
 France  
 Date of birth: 22 March  
 1956

Gilles Petit is a well-known figure in the French retail landscape. Having begun his career in 1980 with Arthur Andersen, he joined the Promodès group in 1989, where at the time of the merger with Carrefour in 1999, he held the position of Chief Executive Officer of the hypermarkets division for Promodès in France. He was successively appointed Managing Director of Carrefour Belgium in 2000, Carrefour Spain in 2005, and Carrefour France in 2008, until he joined Elior as Chief Executive Officer and Chairman of the Executive Committee in 2010, taking charge of its stock market listing on Euronext Paris in 2014. He was appointed Chief Executive Officer of Maisons du Monde in 2015, and also successfully led its initial public offering.

Gilles Petit is a graduate of the École supérieure de commerce de Reims, in France.

**Directorships and other positions held in other companies***In France:*

- ▶ Chairman, Gilles Petit Conseil

*Outside France:*

- ▶ Director, B&M European Value Retail (UK)<sup>(1)</sup>

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

- ▶ Director, Maisons du Monde SA<sup>(1)</sup>
- ▶ Senior Advisor to the Chief Executive Officer of Maisons du Monde SA
- ▶ Chief Executive Officer, Maisons du Monde SA

(1) Listed company.

**NICOLAS SARKOZY****Member of the Supervisory Board****Member of the Strategy Committee**

Nationality: French  
77, rue de Miromesnil  
75008, Paris, France  
Date of birth: 28 January  
1955

Nicolas Sarkozy was the 6<sup>th</sup> 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* and *Le Temps des Tempêtes*.

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

*In France:*

- ▶ Director and Chairman of the International Strategy Committee, Accor<sup>(1)</sup>
- ▶ Director and member of the Strategy Committee, Lucien Barrière group
- ▶ Member of the Supervisory Board, Lov Group Invest
- ▶ Member of the Natixis International Advisory Network<sup>(1)</sup>

*Outside France:*

- ▶ Member of the Advisory Board, Axian (Madagascar)
- ▶ Member of the Advisory Board, Chargeurs<sup>(1)</sup> (Switzerland)
- ▶ Member of the Advisory Board, SPAO Reso Garantia (Russia)

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

- ▶ Chief Executive Officer, CSC SELAS

(1) Listed company.

**SUSAN M. TOLSON****Member of the Supervisory Board****Member of the Audit Committee**

Nationality: American  
2344 Massachusetts  
Ave NW  
Washington DC 20008  
United States  
Date of birth:  
7 March 1962

Susan M. Tolson graduated from Smith College in 1984 with a B.A. cum laude before obtaining an MBA from Harvard in 1988. She joined Prudential Bache Securities as a corporate finance analyst in 1984 and subsequently took on the position of Investment Officer in Private Placements at Aetna Investment Management in 1988. In 1990, she joined The Capital Group Companies – a major private US investment fund formed in 1931 – where between April 1990 and June 2010 she successively served as a financial analyst, senior account manager and then Senior Vice-President, a position she left to join her husband in Paris.

Over the last 20 years, Susan M. Tolson has issued recommendations and made decisions relating to investments in numerous business sectors, including the media and entertainment industries.

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

*In France:*

- ▶ Director, WorldLine E-Payment Services<sup>(1)</sup> and Member of the Audit, Governance and Remuneration Committees

*Outside France:*

- ▶ Director, Outfront Media<sup>(1)</sup>, Chair of the Governance and Appointments Committee and member of the Audit Committee
- ▶ Director, Take-Two Interactive<sup>(1)</sup>, Chairman of the Audit Committee
- ▶ Member of the Los Angeles World Affairs Council, the Paley Center For Media and the Los Angeles Society of Financial Analysts

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

- ▶ Director, America Media, Inc.
- ▶ Member of the Board of Trustees, American University of Paris
- ▶ Honorary Chair, American Women's Group in Paris
- ▶ Director, Fulbright Commission
- ▶ Honorary Chair, American Friends of The Musée d'Orsay
- ▶ Director, the American Cinémathèque
- ▶ Director, Terra Alpha LLC

(1) Listed company.



**C) CHANGES IN COMPOSITION IN 2020****Changes in the composition of the Supervisory Board and the Supervisory Board Committees in 2020**

At 31 December 2020

	Departures	Appointments	Re-appointments
Supervisory Board	François David (28 February 2020) Xavier de Sarrau (28 February 2020) Nathalie Andrieux (5 May 2020) Martine Chêne (5 May 2020) Hélène Molinari (5 May 2020) Aline Sylla-Walbaum (17 August 2020) Yves Guillemot (27 August 2020)	Guillaume Pepy (co-opted on 27 February 2020 with effect from 28 February 2020) Nicolas Sarkozy (co-opted on 27 February 2020 with effect from 28 February 2020) Valérie Bernis (co-opted on 31 August 2020 with effect from 1 September 2020) Michel Defer (appointed on 4 November 2020 by the Group Employees' Committee)	Guillaume Pepy (5 May 2020)
Audit Committee	Nathalie Andrieux (28 February 2020) François David (28 February 2020) Xavier de Sarrau (28 February 2020) Aline Sylla-Walbaum (17 August 2020)	Guillaume Pepy (28 February 2020) Susan M. Tolson (28 February 2020)	
Appointments, Remuneration and CSR Committee	François David (28/02/2020) Hélène Molinari (28/02/2020) Aline Sylla-Walbaum (17/08/2020)	Gilles Petit (appointed Chairman of the Committee on 28 February 2020) Jamal Benomar (28 February 2020) Aline Sylla-Walbaum (28 February 2020) Valérie Bernis (co-opted on 31 August 2020 with effect from 1 September 2020)	
Strategy Committee		Guillaume Pépy (appointed Chairman of the Committee on 27 February 2020) Gilles Petit (27 February 2020) Nicolas Sarkozy (27 February 2020) Patrick Valroff (27 February 2020)	

Besides the changes recommended to the Annual General Meeting of 30 June 2021, no significant changes are planned to date in the composition of the Supervisory Board.

**D) DIVERSITY**

The Supervisory Board pays particular attention to its composition and to the composition of its Committees.

The Board has put in place a policy aimed at ensuring Board and Board Committee members have a broad range of skills (managerial, financial, strategic and/or legal), experience and knowledge of the Group's businesses, as well as different age, gender, nationality and cultural profiles. This diversity is essential to the effectiveness of the Board's work, guaranteeing high quality discussions and the proper performance of its supervisory duties.

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

In order to put this policy into place, the Board has adopted a series of criteria for selecting members that mirror these goals, based on a recommendation of the Appointments, Remuneration and CSR Committee. The composition of the Supervisory Board and the Board Committees is reviewed each year by the Appointments, Remuneration and CSR Committee, which reports its findings to the Supervisory Board and puts forward recommendations in this regard.

Each year, the Board critically reviews its composition through the self-assessment procedure.

Criteria	Objectives	Basis for implementation and 2020 results
Size of the Board	Maintain a reduced number of Supervisory Board members, including appointments required by law (employee representative member) to enable the Board to operate efficiently.	The size of the Board was reduced to a maximum of 12 members in 2018 as per the Company's Articles of Association. In 2020, as part of amendments to the Articles of Association regarding the appointment of employee representative members, it was decided to keep the maximum number of members at 12, including two members representing the Group's employees.
Age limit	Pursuant to article 12 of the Articles of Association, no more than one-third of the members of the Supervisory Board in office may be over 75 years old.	No Supervisory Board member in office was aged over 75.
Gender balance	At least 40% of members are women, in accordance with article L. 22-10-74 of the French Commercial Code.	This threshold was met before the Annual General Meeting of 5 May 2020. The resolutions put forward to the General Meeting by the Supervisory Board relating to its composition (reappointment of members) respected this threshold. However, shareholders' rejection of the resolution to reappoint Martine Chêne meant that the percentage of female members fell below 40%. On 31 August 2021, the Board decided to co-opt Valérie Bernis to replace Aline Sylla-Walbaum, who resigned.
Availability	The availability of Supervisory Board members must be sufficient to allow the Board and its Committees to operate effectively.	In 2020, the average attendance rate of members at meetings of the Supervisory Board was 97% (92% for the Audit Committee and 100% for the Strategy Committee and the Appointments, Remuneration and CSR Committee).
Qualifications and professional experience Nationality, international experience	Members must have diverse profiles with senior management experience; financial, managerial, legal, social and CSR expertise; and knowledge of the Group's businesses. They must have international experience and knowledge of the countries in which the Group conducts its business or in which it wishes to develop.	Appointment in 2020 of Nicolas Sarkozy and Guillaume Pepy (exceptional careers, unique expertise and in-depth knowledge of geopolitical and economic issues in the Group's regions and business sectors) and of Valérie Bernis (recognised experience within large international groups and strong CSR expertise). The diagram below reflects this diversity.
Independence	At least half of members must be independent pursuant to the Afep-Medef Corporate Governance Code. ( <i>Code de gouvernement d'entreprise des sociétés cotées</i> ).	All Board members are independent.
Employee representation on the Board	In accordance with the French "Pacte law" of 22 May 2019, two employee representative members must be appointed to the Board when the number of the other Board members (representing the shareholders) exceeds eight, and one employee representative member must be appointed when the number of the other Board members is equal to or less than eight.	The Annual General Meeting of 5 May 2020 amended the Articles of Association to provide for the appointment to the Supervisory Board of employee representative members by the Group Employees' Committee. The Group Employees' Committee appointed Michel Défer on 4 November 2020.

Therefore, Supervisory Board has a combination of expertise, experience and valuable skills. This is the result of a demanding and transparent review and selection process, which enables it to fulfil its role and responsibilities, wholly independently of the Managing Partners.



(\*) Media/Distribution/Innovation/New technologies/Travel Retail.

(\*\*) Legal/Governance/Social relations/Diversity.

In view of its supervisory duties, the Board must have a majority of independent members.

At its meeting on 30 March 2021, the Appointments, Remuneration and CSR Committee therefore reviewed the situation of each of the Supervisory Board members.

In particular, the Committee considered that the volume of business assigned to the Realyze law firm and the attendant fees paid to that firm are not material to the Group or to Realize (it being specified that

Nicolas Sarkozy himself does not provide any legal advisory services to the Group), and that accordingly, Nicolas Sarkozy qualifies as an independent member.

Based on this review, it was concluded that all members, except for the employee representative, qualify as independent members in the light of the criteria for independence, applied by the Supervisory Board and stipulated in the Afep-Medef Corporate Governance Code, which it has used as a benchmark framework for analysis (see table below).

## Summary table of Supervisory Board members' compliance with the independence criteria set out in the Afep-Medef Corporate Governance Code at 31 December 2020

	P. Valroff	J. Benomar	V. Bernis	M. Defer (*)	S. Malinbaum	G. Pepy	G. Petit	N. Sarkozy	S. M. Tolson
<b>Independence criteria set out in the Afep-Medef Corporate Governance Code and applied by the Supervisory Board</b>									
Not to be and not to have been in the previous five years, (i) an employee or executive corporate officer of the Company, (ii) an employee, executive corporate officer or a director of an entity that is consolidated within the Company, or (iii) an employee, executive corporate officer or a director of the Company's parent company or an entity consolidated within that parent company.	✓	✓	✓	N/A	✓	✓	✓	✓	✓
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.	✓	✓	✓	N/A	✓	✓	✓	✓	✓
Not to have any ties, directly or indirectly, with a customer, supplier, investment banker, commercial banker or consultant: - that is significant to the Company or the Group - or for which the Company or the Group represents a significant proportion of its activities.	✓	✓	✓	N/A	✓	✓	✓	✓	✓
Not to be related by close family ties to a Managing Partner.	✓	✓	✓	N/A	✓	✓	✓	✓	✓
Not to have been a Statutory Auditor of the Company within the previous five years.	✓	✓	✓	N/A	✓	✓	✓	✓	✓
Directors representing major shareholders of the Company or its parent may be considered as independent provided that these shareholders do not take part in control of the Company. Nevertheless, beyond a 10% threshold in capital or voting rights, the Board, upon a report by the Appointments Committee, should systematically review the qualification of a director as independent, in light of the make-up of the Company's capital and the existence of a potential conflict of interest.	✓	✓	✓	N/A	✓	✓	✓	✓	✓
Not to receive variable remuneration in cash or in the form of shares or any other remuneration linked to the performance of the Company or Group.	✓	N/A							
Conclusion	Independent	Independent	Independent	N/A	Independent	Independent	Independent	Independent	Independent
<b>Independence criteria set out in the Afep-Medef Corporate Governance Code and not applied by the Supervisory Board</b>									
Not to have been a member of the Supervisory Board for more than 12 years.	✓	✓	✓	✓	✓	✓	✓	✓	✓

(\*) Employee representative Supervisory Board member.

## 2.3.2 BOARD'S INTERNAL RULES AND OPERATION

The terms and conditions of the Supervisory Board's organisation and operations are set out in its internal rules, which also define the duties incumbent on each member and the code of professional ethics each individual member is bound to respect. These internal rules are updated regularly, most recently on 28 February 2020.

These rules concern the following:

**1. The independence of Board members:** the minimum quota for independent members is fixed at half of the total serving members. Independent members must have no direct or indirect relations of any kind with the Company, the Group or its Management that could compromise their freedom of judgement or participation in the work of the Board. It lists a number of criteria, which form a framework for determining whether or not a member may be considered independent;

**2. The annual number of meetings:** a schedule for the coming year is fixed annually, based on a proposal by the Chairman;

**3. The duties of each member:** apart from the fundamental duties of loyalty, confidentiality and diligence, members' obligations also concern knowledge of the law, regulations and statutory provisions, ownership of a significant number of shares, declaration to the Board of any conflict of interest and regular attendance at meetings;

**4. Trading in shares of the Company and its subsidiaries:** as Board members have access to inside information and in-depth knowledge on certain aspects of the life of the Company and Group, they are expected to refrain from trading in Company shares, except within the following restrictions contained in the Board's internal rules:

- ▶ no trading in shares may take place during certain defined periods,
- ▶ it is recommended that acquisitions should take place once a year, at the end of the Annual General Meeting, in the form of a block purchase carried out through the Company by each Board member,
- ▶ the General Secretariat of Lagardère SCA and the French financial markets authority (*Autorité des marchés financiers* – AMF) must be informed of any transactions in shares within three days of their completion;

**5. The existence of three committees: the Audit Committee; the Appointments, Remuneration and CSR Committee; and the Strategy Committee:** in addition to the tasks described below, these committees are responsible for preparing topics for discussion at Board meetings that fall within their remit.

In accordance with the provisions introduced by the "Pacte law" in France, the Supervisory Board approved an Internal Charter on the procedure for identifying related-party agreements subject to the monitoring procedure set out in the French Commercial Code. Any agreements considered susceptible to meeting the definition of a related-party agreement are submitted prior to signature to the General Secretariat, who determines their classification in light of the criteria set out in the charter. Agreements are regularly reviewed, particularly in the event they are amended, renewed or terminated, to ensure that the specified criteria continue to be met.

## 2.3.3 2020 WORK SCHEDULE

The Supervisory Board meets regularly to review the financial position and operations of the Company and its subsidiaries, the annual and interim financial statements, the outlook for each of the business activities taking into account corporate social responsibility issues, as well as the Group's strategy. During these meetings, the Committees report to the Board on their work. The Supervisory Board defines an annual schedule for its meetings, six of which are planned for 2021.

During 2020, the Supervisory Board met ten times with an average attendance rate of 97%.

Members of the Board closely monitored the impacts of the Covid-19 crisis on the Group's businesses, along with the action plans put in place to address these impacts.

The other work carried out by the Supervisory Board during the year mainly concerned:

- ▶ Group business and finance:
  - reviewing the annual and interim financial statements and the Group's general situation and strategy;
  - presenting the new strategic roadmap adopted by the Managing Partners.
- ▶ Governance, appointments and remuneration:
  - reviewing the findings of the independent expert as regards the assessment of the Supervisory Board;
  - setting up a Strategy Committee and updating the Supervisory Board's internal rules;
  - changing the composition of the Board's Committees;
- co-opting as Nicolas Sarkozy and Guillaume Pepy Supervisory Board members to replace Xavier de Sarrau and François David, who resigned from the Board;
- providing an advisory opinion on the Managing Partner remuneration policy;
- designing the remuneration policy for the members of the Supervisory Board;
- conducting the annual review of the Service Agreement, which remained in force during the year;
- preparing the charter to identify related-party agreements;
- preparing the Annual General Meeting of 5 May 2020, drafting the report on corporate governance and the report to the shareholders;
- providing an opinion on the draft resolutions proposed by Amber Capital to the Annual General Meeting of 5 May 2020;
- co-opting Valérie Bernis to replace Aline Sylla-Walbaum;
- presenting the findings of the working group responsible for reviewing the Group's succession plans.
- ▶ Opinions, approvals and other duties:
  - reviewing the proposed partnership between Lagardère Capital & Management and Groupe Arnault;
  - approving the re-appointment of Arnaud Lagardère as Managing Partner for a period of four years;
  - reviewing the request for calling a General Meeting submitted by Amber Capital and Vivendi.

- ▶ Corporate social responsibility:
  - reviewing the Group's CSR roadmap.

The Supervisory Board's annual seminar could not be held in 2020 due to the Covid-19 pandemic. However, immediately after the Supervisory Board meeting on 27 February 2020, the Board members held a separate meeting without the Managing Partners attending.

In addition to his traditional duties, the Chairman of the Supervisory Board also performs other specific services in view of his professional experience. The Group considers it beneficial not only to draw on his opinions on matters within the traditional remit of the Supervisory Board, but also to engage in a regular dialogue that affords him a better understanding of the key events and developments impacting the Group, so that he can, in turn, share that insight with the other

members of the Board. As such, he may be consulted by General Management on certain key or strategic events for the Group. The Chairman of the Supervisory Board must also ensure the appropriate balance between advising, taking part in the process for appointing and renewing the Board, and ensuring that any comments expressed by members of the Board, especially in meetings in which the Managing Partners are not present, are dealt with adequately. In 2020, these duties gave rise to numerous meetings with the Managing Partners, the Finance Department, the division senior executives and the Statutory Auditors, as well as to working sessions with the Internal Audit Department and the Risk, Compliance and Internal Control Department. The Chairman of the Supervisory Board is responsible for any dealings between shareholders and the Board.

### Members' attendance at Supervisory Board and Committee meetings in 2020 (for members in office at December 31, 2020)

Member of the Board	Supervisory Board meetings	Audit Committee meetings	Appointments, Remuneration and CSR Committee	Strategy Committee
Jamal Benomar	90%	-	100%	-
Valérie Bernis	100%	-	100%	-
Michel Defer	100%	-	-	-
Soumia Malinbaum	100%	-	100%	-
Guillaume Pepy	100%	100%	-	100%
Gilles Petit	100%	-	100%	100%
Nicolas Sarkozy	89%	-	-	100%
Susan M. Tolson	100%	100%	-	-
Patrick Valroff	100%	100%	-	100%

**2.3.4 SUPERVISORY BOARD COMMITTEES****A) AUDIT COMMITTEE**

<b>Members</b>	<ul style="list-style-type: none"> <li>▶ <b>Patrick Valroff (Chairman)</b></li> <li>▶ <b>Guillaume Pepy</b></li> <li>▶ <b>Susan M. Tolson</b></li> </ul> <p>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. The expert knowledge of the members of the Audit Committee is described in section 2.3.1 of the Universal Registration Document. At 31 December 2020, all of the Audit Committee's members were independent (see table above).</p>
<b>Main tasks</b>	<p>The Committee applies all of the recommendations contained in the AMF working group's report of 22 July 2010, with the exception of those that it does not deem relevant with regard in particular to the tasks specific to a Supervisory Board of a French partnership limited by shares, and thereby:</p> <ul style="list-style-type: none"> <li>▶ reviews the accounts and the consistency of the accounting methods used for the Lagardère SCA parent company and consolidated financial statements, and monitors the process for preparing financial information;</li> <li>▶ monitors the audit of the parent company and consolidated financial statements by the Statutory Auditors;</li> <li>▶ monitors the Statutory Auditors' independence;</li> <li>▶ issues a recommendation on the Statutory Auditors nominated for re-appointment at the General Meeting;</li> <li>▶ monitors the effectiveness of internal control and risk management systems and where applicable internal audit, as regards accounting and financial reporting procedures;</li> <li>▶ ensures that the Company has internal control and risk management procedures, particularly procedures for (i) risk assessment and management, and (ii) compliance of Lagardère SCA and its subsidiaries with the main regulations applicable to them. The Audit Committee is informed of any observations and/or suggestions from the Statutory Auditors regarding these internal control procedures;</li> <li>▶ monitors the implementation of measures to prevent and detect corruption;</li> <li>▶ examines all matters pertaining to the internal auditing of the Company and its activities, the audit plan, organisation, operation and implementation;</li> <li>▶ reviews agreements directly or indirectly linking the Group and the senior executives of Lagardère SCA. Readers are reminded that the executive corporate officers' salaries are paid by Lagardère Management, which is bound to the Group by a Service Agreement. The appropriate application of this agreement, which has been approved by the Board and the shareholders as a related-party agreement, is monitored regularly. The Board has delegated this task to the Audit Committee, which includes the amount of expenses invoiced under the contract, essentially comprising the Managing Partners' remuneration.</li> </ul> <p>The Chairman of the Audit Committee reports to the members of the Board on the work conducted by the Audit Committee. The members of the Audit Committee interview the Group's key senior executives when necessary, and the Statutory Auditors also present a report on their work. In addition, Audit Committee members reserve the right to interview the Statutory Auditors without Management in attendance and to consult external experts.</p>

<p><b>Main activities in 2020</b></p>	<p>The Audit Committee met seven times in 2020 with an attendance rate of 92%, it being specified that two meetings to review the annual and interim financial statements were held several days before the Supervisory Board's meetings. During 2020, the Committee:</p> <ul style="list-style-type: none"> <li>▶ reviewed (i) the impairment tests performed on intangible assets for the purposes of the financial statements at 31 December 2019, (ii) the consolidated financial statements for 2019 and the first half of 2020, (iii) the Company's dividend coverage, and (iv) the presentation of the budget for 2021, 2022 and 2023, and the Group's cash management and cost-savings plans;</li> <li>▶ reviewed the renewal of the term of office of Mazars as Statutory Auditor and examined the Statutory Auditors' fees. The Auditors gave the Committee a presentation on the code of conduct and independence rules applicable to their profession and set out their audit plan for the coming year;</li> <li>▶ assessed the relations with Lagardère Capital &amp; Management (LC&amp;M);</li> <li>▶ analysed the work carried out by the Internal Audit Department in the first and second half of 2020 as well as the 2021 internal audit plan;</li> <li>▶ was given a presentation on (i) the organisation of risk and internal control oversight within the Group, (ii) the Group's risk map and internal control systems, (iii) the results of the internal control self-assessment, (iv) a follow-up of risk management actions undertaken, and (v) a draft risk management charter;</li> <li>▶ analysed the processes for validating planned acquisitions and divestments; updated the Group's commitments procedure; examined the Group's financing policy and information systems security policy; verified the progress of the compliance program; and reviewed the Group's legal disputes;</li> <li>▶ examined Lagardère Travel Retail's report on its sales activity with Auckland airport.</li> </ul> <p>The Audit Committee also held exceptional meetings during the year where it was given detailed presentations of the impacts of the Covid-19 pandemic on the Group's operations, particularly for Lagardère Travel Retail. The Committee also reviewed the Group's financial communications, dividend, financing and liquidity position in the context of the pandemic.</p> <p>The Audit Committee meetings were attended by the Chief Financial Officer, the Internal Audit Director, the Head of Risk Management, Compliance and Internal Control, the Accounting Director, the Group Management Control Director and the Statutory Auditors. Depending on the issues discussed, other executives were asked to provide input on an as-needed basis, including the Secretary General, the Group IT Director, the Group General Counsel, the Head of Financing and Investor Relations, and the executive management of Lagardère Travel Retail, as well as certain members of their teams.</p>
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## B) STRATEGY COMMITTEE

<p><b>Members</b></p>	<ul style="list-style-type: none"> <li>▶ <b>Guillaume Pepy (Chairman)</b></li> <li>▶ <b>Gilles Petit</b></li> <li>▶ <b>Nicolas Sarkozy</b></li> <li>▶ <b>Patrick Valroff</b></li> </ul> <p>At 31 December 2020, all of the Strategy Committee's members were independent (see table above).</p>
<p><b>Main tasks</b></p>	<p>The Strategy Committee is responsible for assisting the Supervisory Board in preparing and supporting its work on the ex-post supervision of business operations. In this respect, it receives all necessary information from the Managing Partners on:</p> <ul style="list-style-type: none"> <li>▶ the Group's main strategic focuses;</li> <li>▶ market trends, the competitive environment and the key strategic challenges facing the Group, as well as the resulting medium- and long-term outlook;</li> <li>▶ major investments and divestments that individually represent more than €100 million and are to be carried out in line with the aforementioned strategic focuses; and</li> <li>▶ any transactions likely to significantly change the Group's scope, business or financial structure.</li> </ul> <p>The Chairman of the Strategy Committee reports to (or instructs someone to report to) the members of the Board on the work conducted by the Committee.</p>
<p><b>Main activities in 2020</b></p>	<p>The Strategy Committee met seven times in 2020, with an attendance rate of 100%.</p> <p>During its meetings, the Committee reviewed the financial situation of the Group's operations and cash position, as well as Lagardère SCA's shareholder structure. It also examined the new strategic roadmap, assessed the Managing Partners' performance and recommended that Arnaud Lagardère be re-appointed as Managing Partner before the end of his term of office.</p> <p>With regard to the businesses, it reviewed in particular the progress of Lagardère News' radio operations and the Lagardère Travel Retail division.</p> <p>It also reviewed planned acquisitions and divestments, especially the planned disposal of Lagardère Studios and a projected acquisition at Lagardère Publishing (upstream review of bid).</p> <p>Depending on the issues discussed, the meetings were attended by the Group Chief Financial Officer and by the senior executives of the divisions concerned. The Chairman of the Strategy Committee reports to the Board on the work conducted and opinions given by the Committee.</p>



**C) APPOINTMENTS, REMUNERATION AND CSR COMMITTEE**

<b>Members</b>	<ul style="list-style-type: none"> <li>▶ <b>Gilles Petit (Chairman)</b></li> <li>▶ <b>Jamal Benomar</b></li> <li>▶ <b>Valérie Bernis</b></li> <li>▶ <b>Soumia Malinbaum</b></li> </ul> <p>At 31 December 2020, all of the Appointments, Remuneration and CSR Committee's members were independent (see table above).</p>
<b>Main tasks</b>	<ul style="list-style-type: none"> <li>▶ <i>Regarding Board and Committee membership:</i> <ul style="list-style-type: none"> <li>- defining the selection criteria for future members;</li> <li>- selecting and recommending Supervisory Board and Committee candidates to the Supervisory Board.</li> </ul> </li> <li>▶ <i>Regarding remuneration:</i> <ul style="list-style-type: none"> <li>- issuing an advisory opinion on the remuneration policy for the Managing Partners, approved by the General Partners;</li> <li>- monitoring, where relevant, any other components of remuneration allocated to the Managing Partners, in accordance with the remuneration policy;</li> <li>- proposing the overall amount of annual remuneration allocated to members of the Supervisory Board, which is submitted to the General Meeting for approval;</li> <li>- proposing the remuneration policy applicable to members of the Supervisory Board and its Committees, which is submitted to the General Meeting for approval.</li> </ul> </li> <li>▶ <i>Regarding governance:</i> <ul style="list-style-type: none"> <li>- issuing its opinion to the Supervisory Board concerning the appointment or re-appointment of the Managing Partners proposed by the General Partners;</li> <li>- regularly reviewing the independence of Supervisory Board members in light of the independence criteria defined by the Supervisory Board;</li> <li>- managing the annual assessment of the operations of the Board and its Committees;</li> <li>- carrying out advance assessments of potential risks of conflicts of interest between Supervisory Board members and the Lagardère group;</li> <li>- reviewing the anti-discrimination and diversity policy implemented by the Managing Partners, notably as regards the principle of balanced representation of women and men within the Group's managing bodies.</li> </ul> </li> <li>▶ <i>Regarding sustainable development (CSR):</i> <ul style="list-style-type: none"> <li>- examining the main corporate, environmental and social risks and opportunities for the Group as well as the CSR policy in place;</li> <li>- reviewing the reporting, assessment and monitoring systems allowing the Group to prepare reliable ESG data;</li> <li>- examining the Group's main lines of communication with shareholders and other stakeholders regarding corporate social responsibility matters;</li> <li>- examining and monitoring the Group's rankings attributed by ESG rating agencies.</li> </ul> </li> </ul> <p>The members of the Committee interview the Chairman of the Supervisory Board, the executive corporate officers or any other person of their choice when necessary.</p> <p>The Chairman of the Committee reports to the members of the Board on the work conducted by the Committee.</p>

**Main activities in 2020**

The Appointments, Remuneration and CSR Committee met seven times in 2020 with a 100% attendance rate. The main work carried out by the Committee during its meetings concerned the following:

- ▶ reviewing and drawing up the remuneration policies for the Managing Partners and the Supervisory Board members and preparing the corporate governance report;
- ▶ reviewing the Supervisory Board's membership structure and the independence status of its members, and putting forward recommendations to the Board about the re-appointment of existing members and the appointment of new members;
- ▶ working on the organisational and administrative aspects of the Board Committees: proposing the creation of a Strategy Committee, making changes to the Committees' membership structure and amending the internal rules of the Supervisory Board;
- ▶ preparing an opinion for the Supervisory Board on the resolutions put forward by Amber Capital at the General Meeting;
- ▶ reviewing (i) Arnaud Lagardère's performance during his term of office as Managing Partner, (ii) the presentation of the new medium-term strategic plan, and (iii) the recommendation that Arnaud Lagardère be re-appointed as Managing Partner for a four-year term;
- ▶ analysing the presentation of the findings of a study carried out by two Supervisory Board members on the Group's succession plans;
- ▶ carrying out an annual progress review for 2020 on the Group's CSR roadmap and reviewing the process used for preparing non-financial information;
- ▶ being given a presentation on (i) the diversity and anti-discrimination policy in place within the Group's management bodies and (ii) the Group's corporate sponsorship policy.

These meetings took place in the presence of the Group Secretary General and, when discussions fell within their areas of expertise, the Corporate Social Responsibility Director, the Deputy Director of Non-Financial Reporting and Environmental Responsibility, the Group Human Relations Director, and the Head of Corporate Law/Securities Law.

## 2.3.5 ASSESSMENT OF THE SUPERVISORY BOARD'S MEMBERSHIP STRUCTURE AND OPERATING PROCEDURES

Since 2009, the Supervisory Board has carried out an annual assessment of the operating procedures of the Board and its Committees in order to form an opinion on the preparation and quality of their work. Every three years, this assessment is performed by an independent consulting firm.

In this context, the Supervisory Board commissioned an independent consulting firm to carry out an external assessment in 2019, overseen by the Appointments, Remuneration and CSR Committee. The findings were presented to the Supervisory Board on 4 December 2019 and 27 February 2020.

The assessment mainly concerned the Board's membership, as well as its operation, the organisation of its meetings, access to information, the agenda and work, the amount and distribution of attendance fees, and relations between the Board and the Managing Partners. These issues were also addressed with regard to the Committees.

Members also assessed their own individual contributions. The members of the Supervisory Board voted unanimously to maintain the current *modus operandi* and not to require them to complete a

formal questionnaire specifically designed to systematically assess the contribution of their fellow members.

The members were mostly very satisfied with the membership, organisation and operation of the Board and its Committees. There was an improvement in the Board's operation and performance and attendance at meetings was very satisfactory. The Board's seminar, the topics and analyses presented, as well as the participants involved proved especially popular. The main areas that the Board members felt could be improved were (i) setting up a Strategy Committee, (ii) creating new working groups and (ii) receiving more information before meetings. There was a recommendation that certain senior executives could be asked to participate more often by the Committees and provide their input in meetings, in line with the items on the agenda.

As the findings of the assessment were presented to the Supervisory Board in February 2020, in view of the unprecedented conditions in which the Board had to work in 2020 as well as the major changes in its membership structure during the year, it was decided to carry out the next self-assessment process after the 2021 Annual General Meeting.

## 2.3.6 COMPLIANCE WITH FRENCH CORPORATE GOVERNANCE REGULATIONS – AFEP-MEDEF

The Company has applied the corporate governance principles laid down in the Afep-Medef Corporate Governance Code revised in January 2020. This code is available in the Corporate Governance section of Lagardère's website.

As stated in the introduction to the Code, most of the recommendations it contains have been established with reference to joint-stock companies with a board of directors. Companies with an executive board and supervisory board, and partnerships limited by shares, need to make adjustments as appropriate in order to implement the recommendations. By its very principle, a partnership

limited by shares has a strict separation of powers between the Managing Partners who run the company (and thereby the General Partners who have unlimited liability), and the Supervisory Board, which reviews management actions *ex-post* but does not actively participate in management.

Given Lagardère SCA's specificities in terms of French law and its own Articles of Association as a partnership limited by shares, the Board has adopted an organisational structure which is appropriate to the nature of its work in accordance the law and the recommendations of the Afep-Medef Corporate Governance Code.

Provision of the Afep-Medef Corporate Governance Code set aside or partially applied	Explanation
<b>Independence criteria</b>	
<p><b>"Not to have been a director of the corporation for more than 12 years"</b></p>	<p>It is considered that being a Board member for more than 12 years does not disqualify a member as an independent member. On the contrary, it is considered an asset in a control role within a diverse group where it inevitably takes longer to build up in-depth knowledge of the different business lines and their competitive environment and to develop a strong command of the related strategic challenges.</p> <p>Moreover, the members of the Supervisory Board consider a long period of service to be a positive factor that does not alter an independent member's judgement, moral standards or ability to freely express their views.</p> <p>However, no current Supervisory Board member has been on the Board for more than 12 years.</p>
<p><b>Remuneration Committee:</b></p> <p><b>"It is recommended [...] that one of its members should be an employee director"</b></p>	<p>As the employee representative member was only appointed on 4 November 2020, the Supervisory Board has not yet decided which committee the employee representative will join and how the Committees' membership structure will change as a result.</p>

## 2.4 REMUNERATION AND BENEFITS OF EXECUTIVE CORPORATE OFFICERS

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The provisions of articles L. 22-10-75 *et seq.* of the French Commercial Code introduced by French Government Order no. 2019-1234 of 27 November 2019 concerning the remuneration of corporate officers in listed companies provide for a single, strict legal framework for the remuneration of the Managing Partners and Supervisory Board members.

The purpose of this section is therefore to present (i) the remuneration policy for the Company's executive corporate officers and (ii) the components of the total remuneration and benefits paid during or allocated in respect of 2020 to these corporate officers. This remuneration policy and the components of the executive corporate officers' remuneration packages will be submitted for shareholder approval at the Annual General Meeting to be held on 30 June 2021.

In applying the Afep-Medef Corporate Governance Code (the "Afep-Medef Code") – which the Company uses as its corporate governance framework – Lagardère has opted to use a wide interpretation of the term "executive corporate officer" as it has always applied the corresponding recommendations contained

in the Code, not only for Arnaud Lagardère, in his capacity as a Managing Partner of Lagardère SCA, but also for the Chief Operating Officers of Arjil Commanditée-Arco, Lagardère SCA's other Managing Partner.

The descriptions and explanations that follow therefore concern:

- ▶ Arnaud Lagardère, in his capacity as Managing Partner of Lagardère SCA and Chairman and Chief Executive Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA;
- ▶ Pierre Leroy, in his capacity as Vice-Chairman and Chief Operating Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA; and
- ▶ Thierry Funck-Brentano, in his capacity as Chief Operating Officer of Arjil Commanditée-Arco, Managing Partner of Lagardère SCA.

Arnaud Lagardère, Pierre Leroy and Thierry Funck Brentano as "executive corporate officers" of the Company and are referred to as such below.

### 2.4.1 REMUNERATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

#### 2.4.1.1 UNDERLYING PRINCIPLES OF THE REMUNERATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

In accordance with the legal framework set out in articles L. 22-10-75 *et seq.* of the French Commercial Code, the remuneration policy applicable to the executive corporate officers was approved by the General Partners on the advice issued by the Appointments, Remuneration and CSR Committee and by the Supervisory Board at their respective meetings of 30 March and 26 April 2021.

**The contribution of the Supervisory Board and Appointments, Remuneration and CSR Committee, comprising only independent members, ensures that there are no conflicts of interest when preparing, reviewing and implementing the remuneration policy.**

This procedure will be identical for any subsequent revision of the remuneration policy.

Most of the main principles underlying the remuneration policy for Lagardère SCA's executive corporate officers were set in 2003 and have been applied consistently since that date.

However, the different components of the remuneration policy are regularly reviewed and reassessed as part of the work performed by the General Partners and submitted to the Appointments, Remuneration and CSR Committee to ensure that they best reflect (i) changes in corporate governance best practices, including the recommendations of the Afep-Medef Corporate Governance Code, the French financial markets authority (*Autorité des marchés financiers* – AMF) and the French High Commission for Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), (ii) market practices as observed in the benchmarking of SBF120 companies or of comparable companies in the industries in which the Group operates, and (iii) observations and remarks that may be made to the Company within the scope of its dialogue with its shareholders and proxy advisory firms.

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

With the exception of Arnaud Lagardère, the annual variable remuneration of executive corporate officers also includes a minority portion contingent on **qualitative criteria**, based on a set of specific priority targets assigned to them each year.

In addition, executive corporate officers have a conditional right to receive a **supplementary pension** in addition to benefits under

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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, executive corporate officers do not receive:

- ▶ **multi-annual variable remuneration in cash;**
- ▶ **remuneration for any office held within the Group;**
- ▶ **benefits linked to taking up or terminating office;**
- ▶ **benefits linked to non-competition agreements.**

Furthermore, Arnaud Lagardère, who is a significant shareholder of Lagardère SCA, 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, around 40% of Group employees have a variable component in their overall annual remuneration. Similarly, in accordance with best corporate governance practices, the Lagardère SCA free share plans are not just restricted to executive corporate officers and senior managers. They also cover over 400 Group employees, notably young high-potential managers identified during the talent management process. In addition, for a portion of the beneficiaries of these plans, free shares are allocated subject to the achievement of the same performance conditions as those applicable to the executive corporate officers.

As noted in the advice issued by the Supervisory Board and the Appointments, Remuneration and CSR Committee, **the policy ensures reasonable, fair and balanced remuneration, with a strong correlation between the interests of the executive corporate officers and the interests of the Company, its shareholders and all of its stakeholders, in line with the Group's strategy and its performance objectives.**

In accordance with the second paragraph of article L. 22-10-76, III of the French Commercial Code, exceptions may be decided as to the application of the remuneration policy by modifying, on the advice of the Appointments, Remuneration and CSR Committee, the objectives set for certain criteria applicable to the executive corporate officers' annual variable remuneration or long-term incentive instruments, provided that any such modification 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, which would aim to ensure that the application of the criteria continues to reflect the actual performance of the Group and of the executive corporate officer, would be made public and justified, notably with regard to the Group's corporate and long-term interests. In all circumstances, the payment of variable remuneration remains subject to the approval of the shareholders.

## 2.4.1.2 COMPONENTS OF THE REMUNERATION POLICY FOR EXECUTIVE CORPORATE OFFICERS

### 2.4.1.2.A SHORT-TERM REMUNERATION COMPONENTS

#### A) Annual fixed remuneration

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

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

**Arnaud Lagardère** receives **€1,140,729** in annual fixed remuneration, unchanged since 2009.

**Pierre Leroy** receives **€1,474,000** in annual fixed remuneration, unchanged since 2011.

**Thierry Funck-Brentano** receives **€1,206,000** in annual fixed remuneration, unchanged since 2011.

#### B) Annual variable remuneration

Annual variable remuneration is calculated as a portion of a benchmark amount set for each executive corporate officer, 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. 22-10-77 II of the French Commercial Code, the variable remuneration of the executive corporate officers can only be paid following the approval of the General Meeting of shareholders and of the General Partners.

#### Benchmark amounts, weighting of criteria and caps

For **Arnaud Lagardère** – who receives neither variable remuneration based on qualitative criteria nor share options or performance shares – his annual variable remuneration is based on a benchmark amount of **€1,400,000 (i.e., 123% of his annual fixed remuneration)** which has remained unchanged for several years.

**Only quantitative criteria** are applied to this benchmark amount, breaking down as **financial criteria (accounting for 75%)** and **non-financial CSR criteria (accounting for 25%).**

His annual variable remuneration **may not exceed 150% of his annual fixed remuneration.**

The annual variable remuneration for the **other executive corporate officers** is based on an **aggregate benchmark amount of €600,000 (i.e., 41% of Pierre Leroy's fixed remuneration and 50% of Thierry Funck-Brentano's fixed remuneration).** This amount has remained unchanged for several years.

This benchmark amount takes into account **quantitative financial criteria, breaking down as financial criteria (accounting for 50%), non-financial CSR criteria (25%), and qualitative criteria (25%).** Annual variable remuneration is therefore mostly (i.e., 75%) based on quantitative criteria. This is more than the weighting in the previous remuneration policy, when it accounted for 66%.

The annual variable remuneration of the Co-Managing Partners is also subject to a dual cap: for both of these executive corporate officers, their annual variable remuneration **may not exceed 75% of their annual fixed remuneration**, and the amount of the **qualitative portion is capped at 25% of their annual fixed remuneration.** The qualitative portion may not therefore represent more than 33% of their maximum annual variable remuneration.

#### Quantitative financial criteria

The quantitative financial criteria underlying the executive corporate officers' annual variable remuneration correspond to **two internal criteria which have an equal weighting.** These criteria reflect key indicators of the Group's solidity:

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

These criteria have been modified compared to the previous remuneration policy in order to reflect both (i) the impact of the Covid-19 crisis on the Group's traditional performance indicators, and (ii) the new strategic roadmap adapted to take into account the impacts of this crisis as defined in 2020.

For each of these two criteria, the General Partners validate, on the advice issued by the Appointments, Remuneration and CSR Committee and by the Supervisory Board, the "trigger level" and "target level" for the objectives, in line with the Group's provisional consolidated budget.

For each of these two criteria:

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

#### Quantitative non-financial CSR criteria

Four quantitative non-financial CSR criteria underline executive corporate officers' annual variable remuneration, **each with an equal weighting**. The criteria are related to the Group's priority commitments under its Corporate Social Responsibility policy.

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

Each of the criteria is set by the General Partners on the basis of proposals put forward by the Sustainable Development Department, on the advice of the Appointments, Remuneration and CSR Committee and of the Supervisory Board.

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

This system is set to evolve in 2022, with the four specific criteria listed above replaced by an **internal CSR composite index** covering a wider scope of indicators tracking the implementation of the Group's CSR strategy and performance.

#### Qualitative criteria

The qualitative criteria that apply to the **executive corporate officers' remuneration (with the exception of Arnaud Lagardère)** are based on the **following two areas, each with equal weighting**:

- ▶ **rollout of the Group's strategic plan;**
- ▶ **quality of governance and management.**

The performance levels achieved in these two areas are directly assessed by Arnaud Lagardère based on reports prepared by the relevant technical departments.

The performance level achieved – which is also submitted for approval to the Appointments, Remuneration and CSR Committee and Supervisory Board – can raise or lower the benchmark amount, although the qualitative portion of annual variable remuneration may not under any circumstances exceed 25% of the executive corporate officer's fixed remuneration for a given year.

## Summary presentation of the annual variable remuneration structure

	Managing Partner			Co-Managing Partners				
	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)	Weighting	Benchmark amount	Maximum amount (% of fixed remuneration)		
<b>Quantitative financial criteria</b>	<b>75%</b>	<b>€1,050,000</b>	<b>150%</b>	<b>50%</b>	<b>€300,000</b>			
Recurring operating profit of fully consolidated companies	37.5%	€525,000		25%	€150,000			
Free cash flow	37.5%	€525,000		25%	€150,000			
<b>Quantitative CSR criteria</b>	<b>25%</b>	<b>€350,000</b>		<b>25%</b>	<b>€150,000</b>			
Criterion 1	6.25%	€87,500		6.25%	€37,500			
Criterion 2	6.25%	€87,500		6.25%	€37,500			
Criterion 3	6.25%	€87,500		6.25%	€37,500			
Criterion 4	6.25%	€87,500		6.25%	€37,500			
<b>Qualitative criteria</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>25%</b>		<b>€150,000</b>	<b>25%</b>
Strategic plan					12.5%		€75,000	
Quality of management				12.5%	€75,000			
<b>Total</b>	<b>100%</b>	<b>€1,400,000</b>	<b>150%</b>	<b>100%</b>	<b>€600,000</b>	<b>75%</b>		

### “Clawback clause”

The General Partners decided, following approval of the Appointments, Remuneration and CSR Committee and of the Supervisory Board, to introduce a clawback clause in the remuneration policy. This clause allows some or all of the annual variable remuneration paid to the executive corporate officers 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.

### 2.4.1.2.B LONG-TERM REMUNERATION COMPONENTS

#### Performance share awards

With the exception of Arnaud Lagardère, executive corporate officers are awarded performance shares on a yearly basis.

These awards are decided in the first half of the year, after publication of the Group's results for the previous year. Their terms and conditions are set by the Appointments, Remuneration and CSR Committee in compliance with the recommendations of the Afep-Medef Code. 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 each executive corporate officer may not exceed **one-third of that officer's total remuneration** for the previous year;

- ▶ the overall number of performance share rights awarded to all executive corporate officers may not represent more than **20% of the total** free share awards authorised by the shareholders;
- ▶ furthermore, pursuant to the authorisation given by the Company's shareholders, the performance shares awarded yearly to each executive corporate 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 SCA 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 SCA 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 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 SCA 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.

One criterion has been modified compared to the previous remuneration policy in order to reflect (i) the impact of the Covid-19 crisis on the Group's traditional performance indicators, and (ii) the new strategic roadmap adapted to take into account the impacts of this crisis as approved in 2020. The weighting applicable to non-financial criteria has also been increased, from 20% to 30%.

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").

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

ROCE is a relevant performance indicator reflecting the profitability of the return on 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, 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 each of these two objectives, the Managing Partners, further to the approval of the Appointments, Remuneration and CSR Committee and the Supervisory Board, validate the following:

- the **"target level"** to be reached for 100% of the shares allocated to the objective to vest;
- 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 20% of the performance shares** awarded: the **comparative positioning** of Lagardère SCA's **Total Shareholder Return (TSR)** during the reference period, measured as follows:

- for 10% of the shares awarded, measured against the TSR of a panel of peer companies; and
- for 10% of the shares awarded, measured against the TSR of the other companies in the CAC Mid 60 index.

TSR incorporates both changes in share price and dividends paid, and therefore reflects the value delivered to shareholders as compared with the value created by other investments available to them. Consequently, TSR is also a key performance indicator for the Group.

For each of the 10% portions:

- 50% of the shares awarded vest if Lagardère SCA's average annual TSR during the reference period is at least equal to the average annual TSR of the reference panel;
- 100% of the shares awarded vest if Lagardère SCA's average annual TSR during the reference period is at least 2% above the average annual TSR of the reference panel;
- between 50% and 100% of the shares awarded vest on a straight-line basis if Lagardère SCA's average annual TSR during the reference period is between the average annual TSR of the

reference panel and 2% above the reference panel's average annual TSR;

- 0% of the shares awarded vest if Lagardère SCA's average annual TSR during the reference period is below the average annual TSR of the reference panel.

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

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

For each of the 10% portions:

- 100% of the shares awarded vest if the target level is achieved;
- 0% of the shares vest if the trigger level is not achieved;
- between 0% and 100% of the shares vest on a straight-line basis if the achievement is between the trigger level and the target level.

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

**► Presence condition**

In order for the performance shares to vest, the executive corporate officer concerned must **still be an executive corporate officer of Lagardère SCA three years after the award date**.

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

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

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

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



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

#### 2.4.1.2.C OTHER BENEFITS

##### A) Benefits in kind – business expenses

The executive corporate officers are provided with a **company car**, the potential personal use of which corresponds to a benefit in kind.

The executive corporate officers are also entitled to the reimbursement of business travel and business entertainment expenses incurred in connection with their executive duties.

##### B) Supplementary pension plan

A supplementary pension plan was set up by Lagardère Capital & Management on 1 July 2005 for executive corporate officers. This is a defined supplementary benefit plan as provided for in article L. 137-11 of the French Social Security Code (*Code de la sécurité sociale*) and article 39 of the French Tax Code (*Code général des impôts*).

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 characteristics of this supplementary pension plan fully comply with the recommendations of the Afep-Medef Code.

Only employees or senior executives of Lagardère Capital & Management who were members of the Executive Committee were eligible for this plan.

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, and (iii) early retirement. In addition, beneficiaries are required to have been members of the Executive Committee for at least five years at the date that they retire.

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

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

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

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

The pension entitlements are fully borne by the Company and this benefit is taken into account in determining the overall remuneration of executive corporate officers.

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.

In 2021, a new supplementary "vested benefits" pension plan is to be set up in accordance with the new legal framework introduced by article L. 137-11-2 of the French Social Security Code.

This will be an individual rather than collective plan and will be "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 terms and conditions of this new pension plan, which will be available to members of the Executive Committee, will in any event comply with the applicable legislation.

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

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

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

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

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

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

##### C) Termination benefit

The Company has not given any commitments to the executive corporate officers in relation to granting them any termination benefits.

However, as they are employees of Lagardère Management, the executive corporate officers (with the exception of Arnaud Lagardère) 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 executive corporate officers, particularly when the impacts of such transactions, despite being extremely significant for the Group, cannot be taken into account in determining the variable portion of their remuneration.

The conditions of any exceptional bonus awards and payments are determined in accordance with best corporate governance practices. Any exceptional bonus award, which must be disclosed and justified in detail, may not in any case exceed 150% of the annual fixed remuneration of the executive corporate officer concerned.

Over the past six years, the executive corporate officers (with the exception of Arnaud Lagardère) have only once been awarded a special bonus: in 2014, when the Group sold its stake in EADS and Canal+ France. The total amount of the bonuses paid to the Co-Managing Partners represented 0.1% of the proceeds from these divestments, of which 58% was paid over to shareholders and on average, represented 85.68% of the annual fixed remuneration of the Co-Managing Partners.

**2.4.1.2.D SUMMARY PRESENTATION OF THE REMUNERATION STRUCTURE**

As described above, the annual remuneration of the Company's executive corporate officers is structured in compliance with best corporate governance practices. The principles underlying this structure are **straightforward, stable and transparent**, and they ensure that the **interests of the executives are closely aligned with the interests of the Company and its stakeholders**.

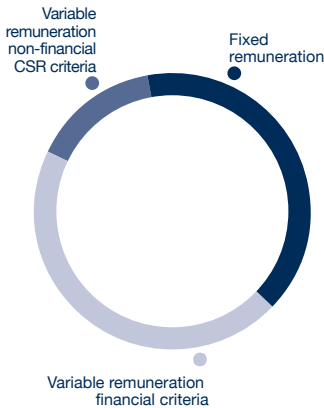
**Arnaud Lagardère**

Arnaud Lagardère's annual remuneration mainly comprises (i) **fixed remuneration** and (ii) **variable cash remuneration** that may not exceed 150% of his fixed remuneration. His variable remuneration is based on:

- ▶ **quantitative financial criteria (75% weighting);**
- ▶ **quantitative non-financial CSR criteria (25% weighting).**

As Arnaud Lagardère is a significant shareholder of Lagardère SCA, owning 7.26% of its capital and 11.03% of the voting rights, he is naturally exposed to the Company's share performance and therefore **does not receive any free share awards or share options**.

**Arnaud Lagardère**



**Pierre Leroy and Thierry Funck-Brentano**

The annual remuneration of the other executive corporate officers mainly comprises (i) **fixed remuneration**, (ii) **variable cash remuneration**, and (iii) **performance share awards**.

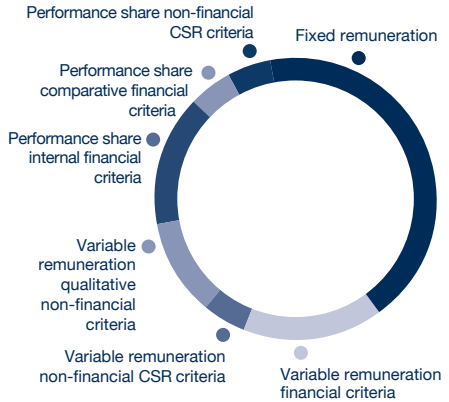
Their **variable cash remuneration** – which may not exceed 75% of their fixed remuneration – is based on:

- ▶ **quantitative financial criteria (50% weighting);**
- ▶ **quantitative non-financial CSR criteria (25% weighting);**
- ▶ **qualitative criteria (25% weighting)**, it being specified that this qualitative variable portion may not exceed 25% of their fixed remuneration.

**Performance share** awards may not represent more than 33.33% of the overall remuneration (fixed and variable) of the executive corporate officers concerned, and the vesting of the shares is contingent on long-term performance (over three consecutive fiscal years). The **applicable performance criteria – which are solely quantitative** – correspond to:

- ▶ **internal financial criteria (50% weighting);**
- ▶ **comparative financial criteria (20% weighting);**
- ▶ **non-financial CSR criteria (30% weighting).**

**Pierre Leroy and Thierry Funck-Brentano**



## 2.4.2 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2020 TO THE EXECUTIVE CORPORATE OFFICERS

This section notably includes, with regard to the executive corporate officers, the information referred to in article L. 22-10-9 of the French Commercial Code.

### 2.4.2.1 COMPONENTS OF REMUNERATION PAID OR ALLOCATED

#### A) ANNUAL FIXED REMUNERATION

The remuneration policy approved for 2020 had maintained executive corporate officers' fixed remuneration amounts unchanged for the past ten years, i.e., at €1,140,729 for Arnaud Lagardère, €1,474,000 for Pierre Leroy and €1,206,000 for Thierry Funck-Brentano.

**In the context of the Covid-19 crisis, the executive corporate officers, like the other members of the Executive Committee, voluntarily decided to reduce their fixed remuneration by 20% for April and May 2020, and to set aside the amounts to the Covid-19 Solidarity Fund created by the Company for its employees, temporary staff and partners.**

Consequently:

**Arnaud Lagardère** received **€1,102,705** in annual fixed remuneration;

**Pierre Leroy** received **€1,424,867** in annual fixed remuneration;

**Thierry Funck-Brentano** received **€1,165,800** in annual fixed remuneration.

#### B) ANNUAL VARIABLE REMUNERATION

##### Annual variable remuneration paid during 2020

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. 22-10-77, II of the French Commercial Code), it is only paid during the following year.

Consequently, the variable remuneration due to the executive corporate officers in respect of 2019 was only paid in 2020, following approval of the shareholders at the General Meeting of 5 May 2020 (under the tenth, eleventh and twelfth resolutions, each approved by 72.48% of the votes).

The amounts of variable remuneration allocated in respect of 2019 and paid in 2020 were as follows:

► For Arnaud Lagardère: €1,569,750;

► For Pierre Leroy and Thierry Funck-Brentano: €698,500.

##### Annual variable compensation allocated in respect of 2020

##### Quantitative portion of annual variable compensation

##### Financial criteria

For 2020, executive corporate officers' annual variable remuneration was based on two financial criteria: (i) **recurring operating profit of fully consolidated companies (recurring EBIT)**, and (ii) **net cash**

**from operating activities of fully consolidated companies**, applied to a benchmark amount of €1,050,000 for Arnaud Lagardère and €300,000 for Pierre Leroy and Thierry Funck-Brentano.

The benchmark amounts are then multiplied by a factor equal to the arithmetic average of the following two inputs:

- the differential between the growth rate in recurring operating profit of fully consolidated companies communicated as market guidance at the beginning of the year and the growth rate in said recurring operating profit actually attained (applied on a proportional basis in the event of a negative change and at a rate of 10% per percentage point in the event of a positive change);
- the percentage difference between the amount of net cash from operating activities of fully consolidated companies as forecast in the Group's provisional consolidated budget and the amount of net cash from operating activities of fully consolidated companies actually attained (applied on a proportional basis).

The arithmetic average of these two inputs may be impacted (downwards only) if there is a negative change in recurring operating profit of fully consolidated companies, as compared with the previous year, by directly applying the negative change percentage.

On 27 February 2020, at the time of publishing its 2019 annual results, the Company's guidance was an increase in recurring operating profit of fully consolidated companies (recurring EBIT) of between 4% and 6% at constant exchange rates, excluding the acquisition of International Duty Free and excluding the impact of the coronavirus. On 25 March 2020, in view of the uncertainty over the duration and scale of the epidemic and government-imposed lockdowns and closures, the Company suspended this guidance, which it then cancelled on 5 November 2020.

The first provisional consolidated budget approved at the start of the year forecast a net cash inflow from operating activities of fully consolidated companies of €436.6 million. In light of the impacts of the Covid-19 pandemic, this amount was revised in July 2020 and reduced to a net cash outflow of €253.8 million. The actual net cash outflow from operating activities of fully consolidated companies amounted to €96.9 million for 2020, significantly better than the amount revised in mid-year.

Based on the criteria and targets set in February 2020 before the Covid-19 pandemic really began to hit and severely disrupt the Group's operations and results, a factor of 0 was applied to the associated benchmark amounts (versus 1.12 in 2019 and 1.163 in 2018), leading to a variable financial portion equal to €0 for Arnaud Lagardère, Pierre Leroy and Thierry Funck-Brentano.

##### Non-financial CSR criteria

For 2020, the achievement levels for the non financial CSR criteria resulted in a factor of **1.125**. Consequently, the variable portion of the executive corporate officers' remuneration based on **quantitative non-financial CSR criteria amounted to €393,750 for Arnaud Lagardère** (€350,000 x 1.125) and **€112,500 for Pierre Leroy and Thierry Funck-Brentano** (€100,000 x 1.125).

Criteria	Minimum performance level	Target performance level	Level achieved	Achievement rate
Proportion of female executive managers by end-2020	42%	44%	51%	1.50
Scopes 1 & 2 CO <sub>2</sub> emissions per million euros of revenue in 2019 (tCO <sub>2</sub> e)	16.2	14.6	18.1	0
Proportion of Group employees having an employee representative at end-2019	67%	71%	73%	1.50
Percentile ranking in the Dow Jones Sustainability Index	81%	87%	93%	1.50
<b>Average</b>				<b>1.125</b>

- exceeding the target performance level corresponds to a 1.50 achievement rate;
- meeting the target performance level corresponds to a 1.25 achievement rate;
- not meeting the target performance level corresponds to a 0.75 achievement rate;
- not meeting the minimum performance level corresponds to a 0 achievement rate.

Pursuant to the remuneration policy, the criteria themselves and the minimum and target performance levels were approved on the basis of proposals put forward by the Sustainable Development and CSR Department.

The first three criteria were selected because they embody the focal areas of the Group's CSR policy (social, environmental and societal issues).

They are reported on each year in the Group's annual report, which ensures their transparency. The first three criteria also form part of the quantitative "information considered the most important", which is subject to the specific procedures carried out by the independent third party in order to draw up its report on the Group's consolidated non-financial statement.

**The first criterion – concerning the proportion of female executive managers** – is a key indicator for the Group's performance in implementing its strategy of promoting diversity. It is a growth and creativity driver and has been one of the priority objectives of the Group's CSR roadmap for many years. In addition, this criterion is fully in line with the general objective of gender diversity in senior management that is a central governance goal for modern-day companies. **The target set was exceeded, with women representing 51% of the Group's executives. In light of this, the Managing Partners decided to set a target covering a more restrictive scope of 300 top managers, effective as from 2021** (see section 2.7.4. – Executive body gender balance policy).

**The second criterion – Scopes 1 & 2 CO<sub>2</sub> emissions per million euros of revenue (tCO<sub>2</sub>e)** – 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 Scope 1 and Scope 2 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. These emissions correspond to elements over which the Group has real operational leverage and on which it therefore focuses as part of its CSR strategy. **The trigger level of the target was not achieved for this criterion, which was affected by government-imposed lockdowns and closures that led to the full-scale shutdown of certain activities and a sharp decline in revenue, but no corresponding energy savings.**

**The third criterion – the proportion of Group employees with an employee representative** – is a key indicator of the quality of the Group's labour relations, which is an essential component of

its CSR policy. It fits seamlessly with the clear principle of seeking a permanent balance between financial targets and HR goals. Through this employee representative system, the Group can build up a steady flow of constructive dialogue with its people, notably concerning working conditions, the goals and challenges of the Group, and the business transformations it needs to undertake.

**The target set was exceeded.**

**The final criterion – the Group's percentile ranking in the Dow Jones Sustainability Index** – is an external criterion that gives an overall evaluation of the Group's CSR performance and a comparison against other companies included in the index. Through this criterion, the Group's internal assessment based on specific criteria can be rounded out by an objective overall external evaluation performed by a recognised expert in the sector, which also gives an insight into how the Group's stakeholders view its CSR approach. Additionally, in the same way as the first three criteria, it provides transparency and ensures that the Group's performance can be tracked over the long term. **The target set for this criterion was also exceeded, as the Company's percentile ranking rose from 87% in 2019 to 93% in 2020.**

For each of the four criteria, the minimum and target performance levels have been set in such a way as to create demanding and consistent objectives that factor in (i) the Group's historic performance over the previous three years and (ii) changes in its operating environment, notably in connection with its strategic refocusing. These criteria and targets were also set at the start of the year before the Covid-19 pandemic really began to hit.

#### Qualitative portion of annual variable compensation

In light of the achievements described below, Arnaud Lagardère deemed that the targets set for 2020 had largely been met with strong personal input from the executive corporate officers in the unprecedented context of the Covid-19 crisis.

Based on this assessment, Arnaud Lagardère decided to apply a factor of **1.25** (identical to 2020 and 2019). Consequently, **the variable portion of Pierre Leroy and Thierry Funck-Brentano's remuneration based on qualitative criteria amounted to €250,000** (€200,000 x 1.25) each.

#### Execution of the Group's strategic plan

2020 saw the completion of the Group's strategic plan to refocus its business, with the disposals of Lagardère Sports to H.I.G Capital in April and of Lagardère Studios to Mediawan on 30 October 2020.

The year was also defined by the devastating Covid-19 crisis. From the outset, the Managing Partners, working closely alongside the divisional managers, assessed the impact of the pandemic on the dynamics of the Group's different markets. The aim was to draw up

a new strategic roadmap that would enable (i) Lagardère Travel Retail to emerge stronger from the crisis thanks to the implementation of an ambitious operational performance plan, (ii) Lagardère Publishing to strengthen its positions in order to confirm its power engine status, and (iii) the Group's other activities to enhance their value.

In view of the uncertainty surrounding the ongoing health crisis, the Managing Partners also bolstered the Group's financial structure by arranging a state-backed loan for €465 million, and amending and extending the term of its revolving credit facility. Against this backdrop, its covenants were redefined to take account of the impacts of the health crisis on all of the Group's businesses.

### Quality of governance and management

In the unprecedented context of the Covid-19 pandemic, the Managing Partners rapidly implemented a comprehensive action plan to address the crisis, with the overriding objective of protecting the Group's employees, customers and partners.

In terms of compliance, the Managing Partners focused particularly on (i) fighting corruption with the launch of the ethics whistleblowing line, (ii) international economic sanctions with ongoing awareness-raising sessions for the employees most exposed to such risks, and (iii) personal data protection with the design of a pedagogical Compliance Pack for all its employees.

### Summary of variable remuneration allocated in respect of 2020

The application of the quantitative and qualitative criteria described above led to the allocation of the following variable remuneration in respect of 2020, which will be paid in 2021 provided it is approved at the Annual General Meeting to be held on 30 June 2021.

	Weighting (% of benchmark amount)	Benchmark amount (in euros)	Maximum amount (% of fixed remuneration)	Achievement rate applied to the benchmark amount	Variable remuneration	
					Amount to be paid (in euros)	(% of fixed remuneration)
<b>Arnaud Lagardère</b>						
Quantitative financial criteria	75%	1,050,000	150%	0	0	0%
Quantitative non-financial CSR criteria	25%	350,000		1.125	393,750	34.52%
Qualitative criteria	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>100%</b>	<b>1,400,000</b>	<b>150%</b>		<b>393,750</b>	<b>34.52%</b>
<b>Pierre Leroy</b>						
Quantitative financial criteria	50%	300,000		0	0	0%
Quantitative non-financial CSR criteria	16.67%	100,000		1.125	112,500	7.63%
Qualitative criteria	33.33%	200,000	25%	1.25	250,000	16.96%
<b>Total</b>	<b>100%</b>	<b>600,000</b>	<b>75%</b>		<b>362,500</b>	<b>24.59%</b>
<b>Thierry Funck-Brentano</b>						
Quantitative financial criteria	50%	300,000		0	0	0%
Quantitative non-financial CSR criteria	16.67%	100,000		1.125	112,500	9.33%
Qualitative criteria	33.33%	200,000	25%	1.25	250,000	20.73%
<b>Total</b>	<b>100%</b>	<b>600,000</b>	<b>75%</b>		<b>362,500</b>	<b>30.06%</b>

### C) PERFORMANCE SHARE AWARDS

The remuneration policy approved for 2020 included the award of performance shares to the Co-Managing Partners, Pierre Leroy and Thierry Funck-Brentano, in proportions that complied with the rules set out in the 2021 remuneration policy described above, which remains unchanged in this respect.

**In the unprecedented context of the Covid-19 pandemic, the Managing Partners decided not to award any performance shares in 2020. Accordingly, the two Co-Managing Partners did not receive any performance shares during the year.**

### D) BENEFITS IN KIND – BUSINESS EXPENSES

In accordance with the remuneration policy, the executive corporate officers each had the use of a company car in 2020.

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: €18,616;
- ▶ For Pierre Leroy: €16,281;
- ▶ For Thierry Funck-Brentano: €13,644.

**E) 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 amounts were paid to the executive corporate officers under this plan in 2020. At 31 December 2020, the estimated amounts of the future pension annuities were €686,490 for Arnaud Lagardère and Pierre Leroy, and €669,144 for Thierry Funck-Brentano.

**F) EXTRAORDINARY REMUNERATION**

The executive corporate officers did not receive any extraordinary remuneration for 2020.

**2.4.2.2 SUMMARY TABLES**

The information and tables provided in this section show the remuneration of the Company's executive corporate officers based

on the presentation format recommended in the Afep-Medef Code and AMF recommendation 2021-02.

**Arnaud Lagardère**

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2019		Fiscal year 2020	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	1,140,729	1,140,729	1,140,729 <sup>(1)</sup>	1,102,705 <sup>(1)</sup>
Variable remuneration	1,569,750 <sup>(2)</sup>	1,628,200 <sup>(2)</sup>	393,750 <sup>(2)</sup>	1,569,750 <sup>(2)</sup>
Extraordinary remuneration	-	-	-	-
Remuneration allocated for offices held	-	-	-	-
Benefits in kind	18,616	18,616	18,616	18,616
<b>Total</b>	<b>2,729,095</b>	<b>2,787,545</b>	<b>1,553,095</b>	<b>2,691,071</b>

(1) Members of the Executive Committee decided to reduce their fixed remuneration for April and May 2020 by 20%.

(2) As the variable portion of annual remuneration for a given year can only be calculated after the end of that year, it is paid during the following year.

Arnaud Lagardère, who is a significant shareholder of the Company, has not been awarded any share options or free shares since his appointment as General and Managing Partner in 2003.

► **Share options granted during the year:** none.

► **Share options exercised during the year:** none.

► **Performance share rights granted during the year:** none.

► **Performance shares that became available during the year:** none.

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2019	Fiscal year 2020
Remuneration allocated for the year (details in previous table)	2,729,095	1,553,095
Value of multi-annual variable remuneration allocated during the year	None	None
Value of share options granted during the year	None	None
Value of performance share rights granted during the year	None	None
<b>Total</b>	<b>2,729,095</b>	<b>1,553,095</b>

**Pierre Leroy**

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2019		Fiscal year 2020	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	1,474,000	1,474,000	1,474,000 <sup>(1)</sup>	1,424,867 <sup>(1)</sup>
Variable remuneration	698,500 <sup>(2)</sup>	723,900 <sup>(2)</sup>	362,500 <sup>(2)</sup>	698,500 <sup>(2)</sup>
Extraordinary remuneration	-	-	-	-
Remuneration allocated for offices held	-	-	-	-
Benefits in kind	16,281	16,281	16,281	16,281
<b>Total</b>	<b>2,188,781</b>	<b>2,214,181</b>	<b>1,852,781</b>	<b>2,139,648</b>

(1) Members of the Executive Committee decided to reduce their fixed remuneration for April and May 2020 by 20%.

(2) As the variable portion of annual remuneration for a given year can only be calculated after the end of that year, it is paid during the following year.

- ▶ **Share options granted during the year:** none.
- ▶ **Share options exercised during the year:** none.
- ▶ **Performance share rights granted during the year:** none.
- ▶ **Performance shares that became available during the year:** 16,000.

The mandatory holding period for the 32,000 performance shares which vested for Pierre Leroy on 1 April 2018 under the 1 April 2015 plan ended on 1 April 2020. According to the holding rules defined by the Supervisory Board 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:** 5,856.

Of the 32,000 performance shares granted to Pierre Leroy under the 6 April 2017 plan, 5,856 shares (i.e., 18.3%) vested on 7 April 2020,

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 2017 and 2019:  $(6.74\% + 2.14\% + 5.63\%)/3 = 4.84\%$ ;
- ▶ achievement rate of objective = 0% (below the trigger level of 7.36%).

Achievement of the objective relating to net cash from operating activities of fully consolidated companies:

- ▶ average annual amount of net cash from operating activities of fully consolidated companies between 2017 and 2019:  $(318 + 455 + 474) = \text{€}415.6 \text{ million}$ ;
- ▶ achievement rate of objective  $(415.6 - 349.5)/(529.6 - 349.5) = 36.7\%$ .

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2019	Fiscal year 2020
Remuneration awarded for the year (see previous table)	2,188,781	1,852,781
Value of multi-annual variable remuneration awarded for the year	None	None
Value of share options granted during the year	None	None
Value of rights to performance shares awarded during the year	524,480	0
<b>Total</b>	<b>2,713,261</b>	<b>1,852,781</b>

## Thierry Funck-Brentano

Summary of gross remuneration and benefits (before deducting social security contributions)				
	Fiscal year 2019		Fiscal year 2020	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Fixed remuneration	1,206,000	1,206,000	1,206,000 <sup>(1)</sup>	1,165,800 <sup>(1)</sup>
Variable remuneration	698,500 <sup>(2)</sup>	723,900 <sup>(2)</sup>	362,500 <sup>(2)</sup>	698,500 <sup>(2)</sup>
Extraordinary remuneration	-	-	-	-
Remuneration allocated for offices held	-	-	-	-
Benefits in kind	13,644	13,644	13,644	13,644
<b>Total</b>	<b>1,918,144</b>	<b>1,943,544</b>	<b>1,582,144</b>	<b>1,877,944</b>

(1) Members of the Executive Committee decided to reduce their fixed remuneration for April and May 2020 by 20%.

(2) As the variable portion of annual remuneration for a given year can only be calculated after the end of that year, it is paid during the following year.

- ▶ **Share options granted during the year:** none.
- ▶ **Share options exercised during the year:** none.
- ▶ **Performance share rights granted during the year:** none.
- ▶ **Performance shares that became available during the year:** 24,000.

The mandatory holding period for the 32,000 performance shares which vested for Thierry Funck-Brentano on 1 April 2018 under the 1 April 2015 plan ended on 1 April 2020. According to the holding rules defined by the Supervisory Board in accordance with the applicable laws, a quarter of these shares are still subject to a holding period until the termination of Thierry Funck-Brentano's duties. Since the valuation of Thierry Funck-Brentano's share portfolio is higher than one year of his fixed and variable remuneration, the holding period established in accordance with the recommendations of the Afep-Medef Corporate Governance Code and applicable to a quarter of the shares, no longer applies.

- ▶ **Performance shares that vested during the year:** 5,856.

Of the 32,000 performance shares granted to Thierry Funck-Brentano under the 6 April 2017 plan, 5,856 shares (i.e., 18.3% of the total shares granted) vested on 7 April 2020, resulting from the application of 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 2017 and 2019:  $(6.74\% + 2.14\% + 5.63\%)/3 = +4.84\%$ ;
- ▶ achievement rate of objective = 0% (below the trigger level of 7.36%).

Achievement of the objective relating to net cash from operating activities of fully consolidated companies:

- ▶ average annual amount of net cash from operating activities of fully consolidated companies between 2017 and 2019:  $(318 + 455 + 474) = \text{€}415.6 \text{ million}$ ;
- ▶ achievement rate of objective  $(415.6 - 349.5) / (529.6 - 349.5) = 36.7\%$ .

Total remuneration and benefits, share options and performance shares granted		
	Fiscal year 2019	Fiscal year 2020
Remuneration allocated for the year (details in previous table)	1,918,144	1,582,144
Value of multi-annual variable remuneration allocated during the year	None	None
Value of share options granted during the year	None	None
Value of performance share rights granted during the year	524,480	None
<b>Total</b>	<b>2,442,624</b>	<b>1,582,144</b>



Share options<sup>(1)</sup>

	Plans expired					
	2001 Plan	2002 Plan	2003 Plan	2004 Plan	2005 Plan	2006 Plan
Date of AGM	23 May 2000		23 May 2000 and 13 May 2003	11 May 2004		2 May 2006
Date of Board of Directors' or Executive Board meeting (as relevant)	Not relevant to Lagardère SCA, which is a French partnership limited by shares Grant date = date of decision by the Managing Partners					
Total number of shares under option <sup>(1)</sup>	1,271,740 <sup>(1)</sup>	1,313,639 <sup>(1)</sup>	1,453,451 <sup>(1)</sup>	1,577,677 <sup>(**)</sup>	1,736,769 <sup>(**)</sup>	1,919,029 <sup>(**)</sup>
<b>O/w shares available for subscription or purchase by Managing Partners and members of the Supervisory Board<sup>(1)</sup>:</b>						
Arnaud Lagardère	50,560	50,554	0	0	0	0
Pierre Leroy	30,336	30,333	40,444	50,433	62,345	62,350
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	62,345	62,350
Thierry Funck-Brentano	30,336	30,333	40,444	50,433	62,345	62,350
Start of exercise period	19 Dec. 2003	19 Dec. 2004	18 Dec. 2005	20 Nov. 2006	21 Nov. 2007	14 Dec. 2008
Option expiry date	19 Dec. 2008	19 Dec. 2009	18 Dec. 2013	20 Nov. 2014	21 Nov. 2015	14 Dec. 2016
Subscription or purchase price	€46.48 <sup>(1)</sup>	€51.45 <sup>(1)</sup>	51.45 <sup>(1)</sup>	€41.64 <sup>(***)</sup>	€45.69 <sup>(**)</sup>	€44.78 <sup>(**)</sup>
Number of shares vested at 28 February 2019	30,336 <sup>(2)</sup>	-	-	-	-	-
<b>Total number of share options cancelled or forfeited:</b>						
Arnaud Lagardère	50,560	50,554	-	-	-	-
Pierre Leroy		30,333	40,444	50,433	62,345	62,350
Philippe Camus	20,224	20,222	30,333	30,336	50,000	50,000
Dominique D'Hinnin	30,336	30,333	40,444	50,433	62,345	62,350
Thierry Funck-Brentano	30,336	30,333	40,444	50,433	62,345	62,350
<b>Share options<sup>(1)</sup> outstanding at end-2018:</b>						
Arnaud Lagardère	0	0	-	-	-	-
Pierre Leroy	0	0	0	0	0	0
Dominique D'Hinnin	0	0	0	0	0	0
Thierry Funck-Brentano	0	0	0	0	0	0

(1) Share purchase plans only.

(2) Exercised by Pierre Leroy on 20 December 2005.

(1) After adjustment on 6 July 2005.

(\*\*) After adjustment on 20 June 2014.

(\*\*\*) After adjustments on 6 July 2005 and 20 June 2014.

## Historical information on performance share awards

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10
<b>Date of AGM</b>	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
<b>Date of grant<sup>(*)</sup></b>	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
<b>Total number of free shares granted<sup>(**)</sup></b>	50,000	116,000	104,000	115,017	115,017	96,000	64,000	64,000	64,000	64,000
<b>Of which granted to:</b>										
Arnaud Lagardère <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	25,000	29,000	26,000	38,339	38,339	32,000	32,000	32,000	32,000	32,000
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
<b>Vesting date</b>	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
<b>End of holding period<sup>(****)</sup></b>	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
<b>Performance conditions</b>	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
<b>Number of shares vested at 31 March 2021</b>	42,310	59,547	72,054	104,253	111,036	96,000	47,180	11,712	-	-
<b>Total number cancelled or forfeited</b>	7,690	56,453	31,946	10,764	3,981	0	16,820	52,288	-	-
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	3,845	9,151	1,982	3,588	1,327	0	8,410	26,144	-	-
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	-	-
<b>Performance shares outstanding at 2019<sup>(**)</sup></b>	-	-	-	-	-	-	-	-	64,000	64,000
Arnaud Lagardère	-	-	-	-	-	-	-	-	-	-
Pierre Leroy	-	-	-	-	-	-	-	-	32,000	32,000
Philippe Camus	-	-	-	-	-	-	-	-	-	-
Dominique D'Hinnin	-	-	-	-	-	-	-	-	-	-
Thierry Funck-Brentano	-	-	-	-	-	-	-	-	32,000	32,000

(\*) Since Lagardère SCA is a French partnership limited by shares, performance share awards are the responsibility of the Managing Partners and are only coordinated by the Supervisory Board.

(\*\*) After adjustment on 20 June 2014.

(\*\*\*) Arnaud Lagardère, Managing Partner, does not receive any performance shares.

(\*\*\*\*) Applicable to 50% of the vested shares. The shares corresponding to the remaining 50% are subject to additional holding conditions (see section 2.4.1.2.B above).

## Other

Executive corporate officers	Employment contract <sup>(1)</sup>		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: Managing Partner Date of appointment: } Renewed End of term of office: } 17 August 2020 for a four year term		X	X <sup>(2)</sup>			X		X
Pierre Leroy Position: Managing Partner <sup>(a)</sup> Date of appointment: End of term of office:		NA <sup>(1)</sup>	X <sup>(2)</sup>			X <sup>(3)</sup>		X
Thierry Funck-Brentano Position: Managing Partner <sup>(b)</sup> Date of appointment: End of term of office:		NA <sup>(1)</sup>	X <sup>(2)</sup>			X <sup>(3)</sup>		X

(a) Deputy Chairman and Chief Operating Officer of Arjil Commanditée-Arco whose term of office as Managing Partner of Lagardère SCA was renewed on 9 March 2016 for a six-year period.

(b) Chief Operating Officer of Arjil Commanditée-Arco, appointed in that capacity on 10 March 2010 for a six-year period and on 9 March 2016 for a further six-year period.

(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 Management Board, Chief Executive Officer of companies with a Management Board and Supervisory Board, and Managing Partners of French partnerships limited by shares (SCA).

(2) See section 2.4.1.2.C B) above.

(3) See section 2.4.1.2.C C) above.

## PAY RATIOS

French Government Order 2019-1234 of 27 November 2019 introduced the requirement for companies to disclose, in their corporate governance reports, the following information for each executive corporate officer:

- ▶ 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 SCA has less than ten employees, not including the executive corporate officers who are employed by Lagardère Management.

Consequently, the tables below set out the required disclosures concerning (i) the scope corresponding to Lagardère SCA, in compliance with the compulsory provisions of Government Order, 2019-1234 of 27 November 2019, which have been applied on a voluntary basis, and (ii) the scope corresponding to all of the French companies exclusively controlled by Lagardère SCA within the meaning of article L. 233-16, II of the French Commercial Code, in accordance with recommendation 26.2 of the Afep-Medef Code.

The tables below show **the remuneration paid or allocated during each year from 2016 to 2020** (i.e., including variable remuneration allocated in respect of the preceding year).

The remuneration amounts presented include – for the executive corporate officers as well as employees – the fixed portions, variable

portions, and extraordinary remuneration paid during the year stated, on a gross basis.

In accordance with Afep-Medef guidelines, they also include **free shares awarded during the year**, valued in accordance with IFRS. The value stated corresponds to their grant-date valuation and therefore does not actually represent the value of the shares that will effectively be delivered at the end of the vesting period, which will depend on (i) the Company's share price on the delivery date and (ii) the achievement rate of the applicable performance conditions. For the Company's free share plans awarded in 2016, 2017 and 2018, the average delivery rate of shares to executive corporate officers was 31%. In addition, the value of the shares at their delivery date still does not reflect an amount paid to executive corporate officers since the shares cannot in any case be sold before the end of a minimum period of two years, and one-half of the shares remains subject to further holding periods.

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.

Finally, the performance criteria presented are the financial criteria applied for calculating the executive corporate officers' annual variable remuneration for fiscal years 2015 to 2020:

- ▶ the growth rate for recurring operating profit of fully consolidated companies, determined based on the rules defined in the Group's market guidance; and
- ▶ net cash from operating activities of fully consolidated companies, which represents the cash generated by the Group's operations.

As the remuneration amounts shown for each year are the amounts actually paid, these performance indicators are given each time for year Y-1, i.e., the year in respect of which they were assessed for the purpose of calculating the executive corporate officers' variable remuneration for year Y.

## Arnaud Lagardère

	2016	2017	2018	2019	2020
Remuneration paid or allocated during the year (in €)	2,851,822	2,851,822	2,445,529	2,768,929	<b>2,672,455</b>
Average remuneration paid or allocated during the year to Company employees (in €)	444,525	415,095	328,974	352,018	<b>277,431</b>
Ratio versus the average remuneration of Company employees	6	7	7	8	<b>10</b>
Median remuneration paid or allocated during the year to Company employees (in €)	269,460	255,548	251,902	260,472	<b>212,681</b>
Ratio versus the median remuneration of Company employees	11	11	10	11	<b>13</b>
Average remuneration paid or allocated during the year to Group employees in France (in €)	55,032	57,659	56,468	56,098	<b>52,338</b>
Ratio versus the average remuneration of Group employees in France	52	49	43	49	<b>51</b>
Median remuneration paid or allocated during the year to Group employees in France* (in €)	50,985	51,771	50,535	50,745	<b>50,675</b>
Ratio versus the median remuneration of Group employees in France*	56	55	48	55	<b>53</b>
Year-on-year increase in Group recurring operating profit (in %)	+8.84	+13.5	+6.74	+2.14	<b>+5.63</b>
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	523.7	457.9	318.2	482.5	<b>513.6</b>

(\*) 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

	2016	2017	2018	2019	2020
Remuneration paid or allocated during the year (in €)	2,837,485*	2,959,280*	2,702,440*	2,722,380*	<b>2,123,367</b>
Average remuneration paid or allocated during the year to Company employees (in €)	444,525	415,095	328,974	352,018	<b>277,431</b>
Ratio versus the average remuneration of Company employees	6	7	8	8	<b>8</b>
Median remuneration paid or allocated during the year to Company employees (in €)	269,460	255,548	251,902	260,472	<b>212,681</b>
Ratio versus the median remuneration of Company employees	11	12	11	10	<b>10</b>
Average remuneration paid or allocated during the year to Group employees in France (in €)	55,032	57,659	56,468	56,098	<b>52,338</b>
Ratio versus the average remuneration of Group employees in France	52	51	48	49	<b>41</b>
Median remuneration paid or allocated during the year to Group employees in France** (in €)	50,985	51,771	50,535	50,745	<b>50,675</b>
Ratio versus the median remuneration of Group employees in France**	44	43	42	43	<b>42</b>
Year-on-year increase in Group recurring operating profit (in %)	+8.84	+13.5	+6.74	+2.14	<b>+5.63</b>
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	523.7	457.9	318.2	482.5	<b>513.6</b>

(\*) Including 32,000 performance share rights valued in accordance with IFRS. No free shares were awarded in 2020. The average overall delivery rate of shares awarded in 2016, 2017 and 2018 was 31%. Following delivery, the shares are in any case subject to a holding period of at least two years, and one-quarter of the shares are to be held until termination of his duties within the Group.

(\*\*) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope. No free shares were awarded in 2020.

**Thierry Funck-Brentano**

	2016	2017	2018	2019	2020
Remuneration paid or allocated during the year (in €)	2,569,485*	2,681,280*	2,434,440*	2,454,380*	<b>1,864,300</b>
Average remuneration paid or allocated during the year to Company employees (in €)	444,525	415,095	328,974	352,018	<b>277,431</b>
Ratio versus the average remuneration of Company employees	6	6	7	7	<b>7</b>
Median remuneration paid or allocated during the year to Company employees (in €)	269,460	255,548	251,902	260,472	<b>212,681</b>
Ratio versus the median remuneration of Company employees	10	11	10	9	<b>9</b>
Average remuneration paid or allocated during the year to Group employees in France (in €)	55,032	57,659	56,468	56,098	<b>52,338</b>
Ratio versus the average remuneration of Group employees in France	47	47	43	44	<b>36</b>
Median remuneration paid or allocated during the year to Group employees in France** (in €)	50,985	51,771	50,535	50,745	<b>50,675</b>
Ratio versus the median remuneration of Group employees in France**	39	38	36	38	<b>37</b>
Year-on-year increase in Group recurring operating profit (in %)	+8.84	+13.5	+6.74	+2.14	<b>+5.63</b>
Net cash from operating activities of fully consolidated companies in the prior year (in €m)	523.7	457.9	318.2	482.5	<b>513.6</b>

(\*) Including 32,000 performance share rights valued in accordance with IFRS. No free shares were awarded in 2020. The average overall delivery rate of shares awarded in 2016, 2017 and 2018 was 31%. Following delivery, the shares are in any case subject to a holding period of at least two years, and one-quarter of the shares are to be held until termination of his duties within the Group.

(\*\*) 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.

### 2.4.2.3 APPROVAL OF THE COMPONENTS OF REMUNERATION PAID DURING OR ALLOCATED IN RESPECT OF 2020 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 2020 to the executive corporate officers are, in accordance with article L. 22-10-77, II of the French Commercial Code, submitted to the approval of the Company's shareholders at the Annual General Meeting to be held on 30 June 2021.

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 2020	Amounts allocated in respect of 2020 (or accounting values)	Presentation
Annual fixed remuneration	€1,102,705	€1,140,729	<ul style="list-style-type: none"> <li>▶ The amount of gross fixed remuneration awarded in 2020 has remained unchanged since 2009. In the context of the Covid-19 crisis, Arnaud Lagardère decided to reduce his fixed remuneration by 20% for April and May 2020, and to set aside the corresponding amounts to the Covid-19 Solidarity Fund created by the Company for its employees and partners.</li> </ul>
Annual variable remuneration	€1,569,750 (amount allocated in respect of 2019, approved by 72.48% of the votes cast at the 5 May 2020 Annual General Meeting - 10 <sup>th</sup> resolution)	€393,750	<ul style="list-style-type: none"> <li>▶ This annual variable remuneration is based solely on quantitative financial criteria (75% weighting) and non-financial CSR criteria (25% weighting).</li> <li>▶ The financial criteria are related to the Group's performance in 2020 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2020 and that generated in 2019) (see section 2.4.2.1 of the Universal Registration Document).</li> <li>▶ The non-financial CSR criteria are related to the Group's 2020 performance concerning its priority commitments under its Corporate Social Responsibility policy (e.g., proportion of female executive managers, Scopes 1 &amp; 2 CO<sub>2</sub> emissions per million euros of revenue, proportion of staff that have an employee representative, ranking in the Dow Jones Sustainability Index) (see section 2.4.2.1 of the Universal Registration Document).</li> <li>▶ The achievement rates are applied to a benchmark amount of (i) €1,050,000 for the financial criteria (75% weighting) and (ii) €350,000 for CSR non-financial criteria (25% weighting).</li> <li>▶ Arnaud Lagardère's annual variable remuneration may not exceed 150% of his annual fixed remuneration.</li> <li>▶ Based on the achievement rates attained in 2020 (0 for the financial criteria set in February 2020 before the full impacts of the Covid-19 crisis had been felt by the Group, and 1.125 for the non-financial CSR criteria), Arnaud Lagardère's annual variable remuneration amounted to 34.52% of his annual fixed remuneration in 2020.</li> </ul>
Multi-annual cash-settled variable remuneration	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Arnaud Lagardère does not receive any multi-annual cash-settled variable remuneration.</li> </ul>
Share options, performance shares and other grants of securities	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Arnaud Lagardère has not received any share options, performance shares, or other grants of securities since his appointment as Managing Partner in 2003.</li> </ul>
Extraordinary remuneration	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Arnaud Lagardère did not receive any extraordinary remuneration for 2020.</li> </ul>
Remuneration for offices held	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Arnaud Lagardère was not entitled to and did not receive any directors' fees for 2020.</li> </ul>



Components of remuneration put to the shareholders' vote	Amounts paid in 2020	Amounts allocated in respect of 2020 (or accounting values)	Presentation
Benefits in kind		€18,616	► This corresponds to Arnaud Lagardère's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	N/A	► Arnaud Lagardère is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	► Arnaud Lagardère is not entitled to any benefits of this nature.
Supplementary pension plan	€0	€0	<ul style="list-style-type: none"> <li>► Arnaud Lagardère is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Management for members of the Executive Committee.</li> <li>► 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.</li> <li>► The plan was a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. Arnaud Lagardère's pension benefit entitlements accrue at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual ceiling used to calculate social security contributions. As the number of years of plan membership used to calculate the benefit entitlements was capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.</li> <li>► At 31 December 2020, 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 25.69% of his total gross remuneration (fixed and variable) paid in 2020.</li> <li>► No benefits were due or paid to Arnaud Lagardère under this plan for 2020.</li> </ul>

## Pierre Leroy

Components of remuneration put to the shareholders' vote	Amounts paid in 2020	Amounts allocated in respect of 2020 (or accounting values)	Presentation
Annual fixed remuneration	€1,424,867	€1,474,000	<ul style="list-style-type: none"> <li>▶ The gross fixed remuneration awarded in 2020 has remained unchanged since 2011. In the context of the Covid-19 crisis, Pierre Leroy decided to reduce his fixed remuneration by 20% for April and May 2020, and to set aside the corresponding amounts to the Covid-19 Solidarity Fund created by the Company for its employees and partners.</li> </ul>
Annual variable remuneration	€698,500 (amount allocated in respect of 2019, approved by 72.48% of the votes cast at the 5 May 2020 Annual General Meeting - 11 <sup>th</sup> resolution)	€362,500	<ul style="list-style-type: none"> <li>▶ Pierre Leroy's annual variable remuneration includes: <ul style="list-style-type: none"> <li>- a portion based on quantitative criteria, as follows: <ul style="list-style-type: none"> <li>• financial criteria (75% weighting) related to the Group's performance in 2020 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2020 and that generated in 2019) (see section 2.4.2.1 of the Universal Registration Document),</li> <li>• non-financial CSR criteria (25% weighting) related to the Group's 2020 performance concerning its priority commitments under its Corporate Social Responsibility policy (e.g., proportion of women executives, Scope 1 and 2 CO<sub>2</sub> emissions per million euros of revenue, proportion of staff that have an employee representative, ranking in the Dow Jones Sustainability Index) (see section 2.4.2.1 of the Universal Registration Document);</li> </ul> </li> <li>- a qualitative portion, corresponding to a set of priority targets related to two domains, each of which are given an equal weighting: the roll-out of the Group's strategic plan and the quality of governance and management (see section 2.4.2.1 of the Universal Registration Document);</li> </ul> </li> <li>▶ Pierre Leroy's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €400,000 and (ii) a "qualitative portion" benchmark amount of €200,000, representing an overall benchmark amount of €600,000. Consequently, 66.66% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 33.33% on qualitative criteria.</li> <li>▶ 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. Consequently, the qualitative portion may not represent more than 33% of his maximum annual variable remuneration.</li> <li>▶ Based on the achievement rates attained in 2020 (0 for the financial criteria set in February 2020 before the full impacts of the Covid-19 crisis had been felt by the Group, 1.125 for the non-financial CSR criteria and 1.25 for the qualitative criteria), Pierre Leroy's annual variable remuneration amounted to 24.59% of his annual fixed remuneration in 2020.</li> </ul>
Multi-annual cash-settled variable remuneration	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Pierre Leroy does not receive any multi-annual cash-settled variable remuneration.</li> </ul>
Share options, performance shares and other grants of securities	N/A	N/A	<ul style="list-style-type: none"> <li>▶ In the unprecedented context of the Covid-19 pandemic, the Managing Partners decided not to award any performance shares in 2020.</li> <li>▶ Pierre Leroy did not receive any options in 2020 and was not granted any securities.</li> </ul>

Components of remuneration put to the shareholders' vote	Amounts paid in 2020	Amounts allocated in respect of 2020 (or accounting values)	Presentation
Extraordinary remuneration	N/A	N/A	► Pierre Leroy did not receive any extraordinary remuneration for 2020.
Remuneration for offices held	N/A	N/A	► Pierre Leroy was not entitled to and did not receive any directors' fees for 2020.
Benefits in kind		€16,281	► This corresponds to Pierre Leroy's potential personal use of a company car.
Benefits linked to taking up or terminating office	N/A	N/A	► Pierre Leroy is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	► Pierre Leroy is not entitled to any benefits of this nature.
Supplementary pension plan	€0	€0	<ul style="list-style-type: none"> <li>► Pierre Leroy is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Management for members of the Executive Committee.</li> <li>► 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 their benchmark remuneration was frozen as at 31 December 2019.</li> <li>► The plan was a conditional benefit plan, and the pension will only be payable if the beneficiary is still with the Company at retirement age, except in the event of (i) termination (other than for serious misconduct) after the age of 55 if the beneficiary does not take up another post, (ii) long-term disability or (iii) early retirement. Pierre Leroy's pension benefit entitlements accrue at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual ceiling used to calculate social security contributions. As the number of years of plan membership used to calculate the benefit entitlements was capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.</li> <li>► At 31 December 2020, 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 32.33% of his total gross remuneration (fixed and variable) paid in 2020.</li> <li>► No benefits were due or paid to Pierre Leroy under this plan for 2020.</li> </ul>

## Thierry Funck-Brentano

Components of remuneration put to the shareholders' vote	Amounts paid in 2020	Amounts allocated in respect of 2020 (or accounting values)	Presentation
Annual fixed remuneration	€1,165,800	€1,206,000	<ul style="list-style-type: none"> <li>▶ The gross fixed remuneration awarded in 2020 has remained unchanged since 2011. In the context of the Covid-19 crisis, Thierry Funck-Brentano decided to reduce his fixed remuneration by 20% for April and May 2020, and to set aside the corresponding amounts to the Covid-19 Solidarity Fund created by the Company for its employees and partners.</li> </ul>
Annual variable remuneration	€698,500 (amount allocated in respect of 2019, approved by 72.48% of the votes cast at the 5 May 2020 Annual General Meeting - 12 <sup>th</sup> resolution)	€362,500	<ul style="list-style-type: none"> <li>▶ Thierry Funck-Brentano's annual variable remuneration includes: <ul style="list-style-type: none"> <li>- a portion based on quantitative criteria, as follows: <ul style="list-style-type: none"> <li>• financial criteria (75% weighting) related to the Group's performance in 2020 (growth rate for Group recurring operating profit compared with the target growth rate for Group recurring operating profit communicated as market guidance, and net cash from operating activities of fully consolidated companies compared with the budget prepared at the start of the year. The average of the figures calculated based on these two criteria may be reduced, where appropriate, by applying the ratio between Group recurring operating profit in 2020 and that generated in 2019) (see section 2.4.2.1 of the Universal Registration Document),</li> <li>• non-financial CSR criteria (25% weighting) related to the Group's 2020 performance concerning its priority commitments under its Corporate Social Responsibility policy (e.g., proportion of women executives, Scope 1 and 2 CO<sub>2</sub> emissions per million euros of revenue, proportion of staff that have an employee representative, ranking in the Dow Jones Sustainability Index) (see section 2.4.2.1 of the Universal Registration Document);</li> </ul> </li> <li>- a qualitative portion, corresponding to a set of priority targets related to two domains, each of which are given an equal weighting: the roll-out of the Group's strategic plan and the quality of governance and management (see section 2.4.2.1 of the Universal Registration Document);</li> </ul> </li> <li>▶ Thierry Funck-Brentano's annual variable remuneration is based on (i) a "quantitative portion" benchmark amount of €400,000 and (ii) a "qualitative portion" benchmark amount of €200,000, representing an overall benchmark amount of €600,000. Consequently, 66.66% of the annual variable remuneration (i.e., a clear majority) is based on quantitative criteria and 33.33% on qualitative criteria.</li> <li>▶ Thierry Funck-Brentano's annual variable remuneration may not exceed 75% of his annual fixed remuneration, and the amount of the qualitative portion is capped at 25% of his annual fixed remuneration. Consequently, the qualitative portion may not represent more than 33% of his maximum annual variable remuneration.</li> <li>▶ Based on the achievement rates attained in 2020 (0 for the financial criteria as set in February 2020 before the full impacts of the Covid-19 crisis had been felt by the Group, 1.125 for the non-financial CSR criteria and 1.25 for the qualitative criteria), Thierry Funck-Brentano's annual variable remuneration amounted to 30.06% of his annual fixed remuneration in 2020.</li> </ul>
Multi-annual cash-settled variable remuneration	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Thierry Funck-Brentano does not receive any multi-annual cash-settled variable remuneration.</li> </ul>

Components of remuneration put to the shareholders' vote	Amounts paid in 2020	Amounts allocated in respect of 2020 (or accounting values)	Presentation
Share options, performance shares and other grants of securities	N/A	N/A	<ul style="list-style-type: none"> <li>▶ In the unprecedented context of the Covid-19 pandemic, the Managing Partners decided not to award any performance shares in 2020.</li> <li>▶ Thierry Funck-Brentano did not receive any options in 2020 and was not granted any securities.</li> </ul>
Extraordinary remuneration	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Thierry Funck-Brentano did not receive any extraordinary remuneration for 2020.</li> </ul>
Remuneration for offices held	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Thierry Funck-Brentano was not entitled to and did not receive any directors' fees for 2020.</li> </ul>
Benefits in kind		€13,644	<ul style="list-style-type: none"> <li>▶ This corresponds to Thierry Funck-Brentano's potential personal use of a company car.</li> </ul>
Benefits linked to taking up or terminating office	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Thierry Funck-Brentano is not entitled to any benefits of this nature.</li> </ul>
Benefits linked to non-competition agreements	N/A	N/A	<ul style="list-style-type: none"> <li>▶ Thierry Funck-Brentano is not entitled to any benefits of this nature.</li> </ul>
Supplementary pension plan	€0	€0	<ul style="list-style-type: none"> <li>▶ Thierry Funck-Brentano is a beneficiary of the defined benefit supplementary pension plan set up by Lagardère Management for members of the Executive Committee.</li> <li>▶ 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 their benchmark remuneration was frozen as at 31 December 2019.</li> <li>▶ 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.</li> <li>▶ Thierry Funck-Brentano's pension benefit entitlements accrue at a rate of 1.75% of the benchmark remuneration per year of membership of the plan. The benchmark remuneration corresponded to the average gross annual remuneration over the last five years (fixed and variable up to a maximum of 100% of the fixed portion), and cannot exceed 50 times the annual ceiling used to calculate social security contributions. As the number of years of plan membership used to calculate the benefit entitlements was capped at 20, the supplementary pension could not exceed 35% of the benchmark remuneration.</li> <li>▶ At 31 December 2020, the estimated amount of Thierry Funck-Brentano's future annuity, determined in accordance with the applicable regulations, is the amount calculated at 31 December 2019, i.e., €669,144, representing approximately 35.89% of his total gross remuneration (fixed and variable) paid in 2020.</li> <li>▶ No benefits were due or paid to Thierry Funck-Brentano under this plan for 2020.</li> </ul>

## 2.5 REMUNERATION AND BENEFITS OF THE MEMBERS OF THE SUPERVISORY BOARD

**AFR**

The purpose of this chapter is to present (i) the remuneration policy for the members of the Company's Supervisory Board and (ii) the components of the total remuneration and benefits paid during or allocated in respect of 2020 to these members. This remuneration

policy and the components of the remuneration packages will be submitted for shareholder approval at the Annual General Meeting to be held on 30 June 2021.

### 2.5.1 REMUNERATION POLICY FOR THE MEMBERS OF THE SUPERVISORY BOARD

In accordance with legal provisions, the remuneration policy applicable to members of the Supervisory Board was drawn up by the Supervisory Board at its meeting on 28 February 2020, based on the proposals set out by the Appointments, Remuneration and CSR Committee at its meeting on 25 February 2020. Based on a recommendation of the Appointments, Remuneration and CSR Committee meeting of 30 March 2021, the Supervisory Board decided to renew this policy for the 2021 fiscal year at its meeting of 26 April 2021.

The components of remuneration for members of the Supervisory Board for 2021 are determined, allocated, or decided in this context.

This procedure will be identical for any subsequent revision of the remuneration policy.

The Supervisory Board members are paid an annual fixed fee (previously called "attendance fees") whose amount is set by the shareholders at the Annual General Meeting.

Since a resolution approved by 98.25% of shareholders at the General Meeting of 10 May 2011, this aggregate amount of annual remuneration has been set at €700,000.

The allocation criteria for this remuneration are as follows. These rules apply to all members of the Supervisory Board, including the members representing Group employees:

- ▶ each member of the Supervisory Board is entitled to one basic portion;
- ▶ each member of the Audit Committee is entitled to 2 additional portions;
- ▶ each member of the Strategy Committee is entitled to 1.5 additional portions;
- ▶ each member of the Appointments, Remuneration and CSR Committee is entitled to 1.5 additional portions;
- ▶ the Chairs of the Board and the Committees are entitled to 1 additional portion.

The basic portion of the fees is equal to the aggregate amount of the fees divided by the total number of portions to which Board members are entitled.

Sixty percent of these fees is paid based on each member's actual attendance at the Supervisory Board meetings and the meetings of the Board(s) of which he or she is a member.

The fees are paid by Lagardère SCA, on an annual basis at the start of each year for amounts due in respect of the prior year.

In accordance with the recommendations of the Afep-Medef Code, the members of the Supervisory Board – including its Chairman – do not receive any further variable remuneration, share or performance share options, or any further benefits.

However, in accordance with the applicable legal provisions, the members of the Supervisory Board representing Group employees will hold employment contracts with the Company or one of its subsidiaries and therefore receive remuneration corresponding to their position (salary and, where applicable, any incentives, profit sharing, variable remuneration and/or free shares).

The components of remuneration for Supervisory Board members are regularly reviewed in order to (i) compare them with the practices of other issuers or industry peers, notably based on public or private surveys, and to (ii) verify that they are in line with best corporate governance practices (recommendations in the Afep-Medef Code, AMF and HCGE reports, etc.).

The policy implemented translates into remuneration whose aggregate amount set by the Company's shareholders has not changed since 2011, and takes into account members' actual attendance at Supervisory Board and Board Committee meetings in determining a weighted variable portion. This policy therefore ensures a measured, balanced and equitable package that is fully aligned with the corporate and long-term interests of the Company.

In accordance with the second paragraph of article L. 22-10-76 III of the French Commercial Code, the Supervisory Board 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 and long-term interests.

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

## 2.5.2 TOTAL REMUNERATION AND BENEFITS PAID DURING OR ALLOCATED IN RESPECT OF 2020

This section notably includes, with regard to the members of the Supervisory 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.

### 2.5.2.1 MEMBERS OF THE SUPERVISORY BOARD

Pursuant to the allocation criteria for the attendance fees set out in the remuneration policy described above, the members of the Supervisory Board received the following remuneration:

(in euros)	Amount allocated in respect of 2019 and paid in 2020	Amount allocated in respect of 2020 and paid in 2021
Nathalie Andrieux	63,926.94	14,634.15
Jamal Benomar	21,308.98 <sup>(1)</sup>	47,500.00 <sup>(1)</sup>
Valérie Bernis	-	13,414.63
Martine Chêne	21,308.98	8,536.59
Georges Chodron de Courcel	13,850.84	-
François David	127,853.88	15,853.66
Michel Defer	-	2,134.15
Yves Guillemot	18,112.63	13,658.55
Soumia Malinbaum	63,926.94	53,353.66
Hélène Molinari	63,926.94	13,109.76
Guillaume Pepy	-	109,146.34
Gilles Petit	41,552.51	103,658.54
François Roussely	5,327.25	-
Nicolas Sarkozy	-	49,939.02
Xavier de Sarrau	106,544.90 <sup>(1)</sup>	8,231.71 <sup>(1)</sup>
Aline Sylla-Walbaum	63,926.94 <sup>(1)</sup>	39,024.39
Susan M. Tolson	21,308.98 <sup>(1)</sup>	57,926.83 <sup>(1)</sup>
Patrick Valroff	63,926.94	138,719.51
<b>Total</b>	<b>696,803.65<sup>(1)</sup></b>	<b>688,841.49<sup>(1)</sup></b>

(1) Withholding tax is deducted from this amount.

### 2.5.2.2 CHAIRMAN OF THE SUPERVISORY BOARD

Patrick Valroff did not receive any other component of remuneration besides attendance fees, in accordance with the allocation rules set out in section 2.5.1.

Remuneration received				
	Full-year 2019 <sup>(1)</sup>		Fiscal year 2020	
	Amounts allocated	Amounts paid	Amounts allocated	Amounts paid
Remuneration	63,926.94 <sup>(2)</sup>	58,721.70	138,719.51 <sup>(3)</sup>	63,926.94
Other remuneration	N/A	N/A	N/A	N/A
<b>Total</b>	<b>63,926.94</b>	<b>58,721.70</b>	<b>138,719.51</b>	<b>63,926.94</b>

(1) Patrick Valroff was appointed Chairman of the Supervisory Board on 4 December 2019.

(2) Amount corresponding to three basic portions of fees based on an attendance rate of 100%.

(3) Amount corresponding to six and a half basic portions of fees based on an attendance rate of 100%..

### PAY RATIOS

The methods used for calculating these ratios were the same as those used for the executive corporate officers. For further details, therefore, see section 2.4.2.1.

#### Patrick Valroff

	2016	2017	2018	2019	2020
Remuneration paid or allocated during the year (in €)	57,931	55,263	55,629	58,721	63,926
Average remuneration paid or allocated during the year to Company employees (in €)	444,525	415,095	328,974	352,018	277,431
Ratio versus the average remuneration of Company employees	0.1	0.1	0.1	0.1	0.2
Median remuneration paid or allocated during the year to Company employees (in €)	269,460	255,548	251,902	260,472	212,681
Ratio versus the median remuneration of Company employees	0.2	0.2	0.2	0.2	0.3
Average remuneration paid or allocated during the year to Group employees in France (in €)	55,032	57,659	56,468	56,098	52,338
Ratio versus the average remuneration of Group employees in France	1	1	1	1	1.2
Median remuneration paid or allocated during the year to Group employees in France* (in €)	50,985	51,771	50,535	50,745	50,675
Ratio versus the median remuneration of Group employees in France*	1.1	1.1	1.1	1.1	1.3

(\*) The median remuneration of Group employees in France and the corresponding ratio do not include the value of free shares as this component cannot be disclosed meaningfully for this extremely wide scope.



## 2.5.3 APPROVAL OF THE COMPONENTS OF REMUNERATION PAID DURING OR ALLOCATED IN RESPECT OF 2020 TO THE CHAIRMAN OF THE SUPERVISORY BOARD

Further to the Company's application of the legal provisions, the fixed, variable and extraordinary components making up the total remuneration and benefits paid during or allocated in respect of 2020 to the Chairman of the Supervisory Board will, in accordance with article L. 22-10-77 II of the French Commercial Code, be

submitted to the approval of the Company's shareholders at the Annual General Meeting to be held on 30 June 2021.

These components, which are described in detail in the preceding sections, are summarised below in the format recommended in the Afp-Medef Code.

### Patrick Valroff

Components of remuneration put to the shareholders' vote	Amounts paid in 2020	Amounts allocated in respect of 2020 (or accounting values)	Presentation
Annual fixed remuneration	N/A	N/A	▶ Patrick Valroff does not receive any annual fixed remuneration.
Annual variable remuneration	N/A	N/A	▶ Patrick Valroff does not receive any annual variable remuneration.
Multi-annual cash-settled variable remuneration	N/A	N/A	▶ Patrick Valroff does not receive any multi-annual cash-settled variable remuneration.
Share options, performance shares and other grants of securities	N/A	N/A	▶ Patrick Valroff does not receive any share options, performance shares or grants of other securities.
Extraordinary remuneration	N/A	N/A	▶ Patrick Valroff did not receive any extraordinary remuneration for 2020.
Remuneration for offices held	€63,926.94 (amount allocated in respect of 2019)	€138,719.51	<ul style="list-style-type: none"> <li>▶ This amount corresponds to the fees due to Patrick Valroff in 2021 for the duties he performed in 2020 as Chairman of the Supervisory Board and of the Audit Committee, and as member of the Strategy Committee.</li> <li>▶ The aggregate amount of fees allocated among Supervisory Board members was set by the shareholders at €700,000 at the Annual General Meeting of 10 May 2011. In respect of 2020, each member of the Supervisory Board received a basic portion of fees. The following members also received an additional portion of fees corresponding to a multiple of the basic portion: members of the Audit Committee (twice the basic portion), members of the Strategy Committee and members of the Appointments, Remuneration and CSR Committee (1.5 times the basic portion) and the Chair of the Supervisory Board and the Committee Chairs (one basic portion). The basic portion of fees is equal to the total fees divided by the total number of portions to which Board members are entitled. The variable portion of the fees, which is determined based on actual attendance at meetings, represents 60% of the total amount received.</li> <li>▶ The amount due to Patrick Valroff for 2020 corresponds to 6.5 basic portions of fees based on an attendance rate of 100%.</li> </ul>
Benefits in kind	N/A	N/A	▶ Patrick Valroff does not receive any benefits in kind.
Benefits linked to taking up or terminating office	N/A	N/A	▶ Patrick Valroff is not entitled to any benefits of this nature.
Benefits linked to non-competition agreements	N/A	N/A	▶ Patrick Valroff is not entitled to any benefits of this nature.
Supplementary pension plan	N/A	N/A	▶ Patrick Valroff is not a member of a supplementary pension plan.

## 2.6 ADDITIONAL INFORMATION ON THE MANAGING PARTNERS AND MEMBERS OF THE SUPERVISORY BOARD

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### 2.6.1 DECLARATION OF NON-CONVICTION AND COMPETENCE

To the best of Lagardère SCA's knowledge:

- ▶ no member of the Supervisory Board or Managing Partner has been convicted of fraud in the last five years;
- ▶ no member of the Supervisory Board or Managing Partner has been associated with any bankruptcy, receivership or liquidation proceedings in the last five years;
- ▶ in legal proceedings, Nicolas Sarkozy was sentenced by a court ruling dated 1 March 2021 to three years' imprisonment, two of them suspended, for bribery and influence-peddling. Nicolas Sarkozy has appealed this ruling and accordingly, the

presumption of innocence continues to apply in all respects. This first-instance ruling in no way affects Nicolas Sarkozy's capacity to fulfil his duties as member of the Company's Supervisory Board. No other member of the Supervisory Board or Managing Partner has been subject to charges or official public sanction by statutory or regulatory authorities (including designated professional bodies);

- ▶ no member of the Supervisory Board or Managing Partner has been barred by a court from acting as a member of a governing, management or supervisory body or participating in a company's business management or governance in the last five years.

### 2.6.2 AGREEMENTS BETWEEN A MEMBER OF THE SUPERVISORY BOARD OR A MANAGING PARTNER AND LAGARDÈRE SCA OR ANY OF ITS SUBSIDIARIES

To the best of Lagardère SCA's knowledge, no member of the Supervisory Board or Managing Partner has entered into a service agreement with Lagardère SCA or any of its subsidiaries, with the exception, as regards the members of the Supervisory Board, of the legal advisory services contract between the Realize law firm and the Group (see section 2.3.1), and as regards the Managing Partners,

of the service agreement signed between Lagardère Management (a company entirely owned by Arnaud Lagardère) and Lagardère Ressources. For more information on this agreement, see section 2.8.1 below and the Statutory Auditors' report on related-party agreements in section 5.8.

### 2.6.3 CONFLICTS OF INTEREST

To the best of Lagardère SCA's knowledge, no arrangement or agreement has been entered into between the Company and its major shareholders, or with its customers, suppliers or any other party pursuant to which any Supervisory Board member or Managing Partner was selected.

To the best of Lagardère SCA's knowledge, no potential conflict of interests exists with respect to Lagardère SCA between the duties of the members of the Supervisory Board or the Managing Partners and their personal interests, or between those duties and any other responsibilities they may hold.

### 2.6.4 RESTRICTIONS ON THE SALE BY MEMBERS OF THE SUPERVISORY BOARD OR MANAGING PARTNERS OF THEIR INTEREST IN LAGARDÈRE SCA

To the best of Lagardère SCA's knowledge:

- ▶ no restriction has been accepted by members of the Supervisory Board concerning the sale of their interests in the Company's share capital within a certain period of time, except for the rules for trading in Lagardère SCA shares set forth in the internal rules of the Supervisory Board (see section 2.3.2);
- ▶ no restriction has been accepted by the Managing Partners concerning the sale of their interests in the Company's share capital within a certain period of time, except for:
  - the rules for trading in Lagardère SCA shares defined in the laws and regulations in force or in the Confidentiality and Market Ethics Charter Applicable to Lagardère group Associates,

- the mandatory holding period for performance share awards, pursuant to the rules set by the General Meeting and the Supervisory Board in accordance with the French Commercial Code and the recommendations of the Afep-Medef Corporate Governance Code (see the Special Report of the Managing Partners in section 2.9.9);
- as regards Arnaud Lagardère, the power held by Financière Agache to veto any decision made by Lagardère Capital to sell Lagardère SCA shares, for as long as Financière Agache holds at least 5% of Lagardère Capital's share capital pursuant to the terms of the shareholder agreement entered into on 24 September 2020 (see AMF Opinion no. 220C3883).

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

**2.6.5 TRANSACTIONS IN LAGARDÈRE SCA SHARES BY THE CORPORATE OFFICERS AND THEIR RELATIVES DURING 2020****2.6.5.1 MANAGING PARTNERS**

Pursuant to article L. 621-18-2 of the French Monetary and Financial Code (*Code monétaire et financier*) the following transactions in the Company's shares during 2020 were disclosed by the Managing Partners or parties related to them:

**PIERRE LEROY**

A total of 5,856 Lagardère SCA shares vested for Pierre Leroy, Co-Managing Partner, on 7 April 2020 under the 6 April 2017 performance share plan.

**THIERRY FUNCK-BRENTANO**

A total of 5,856 Lagardère SCA shares vested for Thierry Funck-Brentano, Co-Managing Partner, on 7 April 2020 under the 6 April 2017 performance share plan.

**2.6.5.2 SUPERVISORY BOARD**

None.

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No other transactions in the Company's shares were disclosed in 2020 by any executive or non-executive corporate officer or any parties related to them.

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## 2.7 OTHER GOVERNING BODIES

**AFR**

### 2.7.1 EXECUTIVE COMMITTEE

The Executive Committee, chaired by Arnaud Lagardère as Managing Partner of Lagardère SCA, holds meetings with the heads of the Group's major central management functions.

Two of them (Pierre Leroy and Thierry Funck-Brentano), along with Arnaud Lagardère, are Managing Partners and executive corporate officers.

The role of the Executive Committee is to assist the Managing Partners 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.

The members of the Executive Committee are as follows:

Arnaud Lagardère,	General and Managing Partner, Chairman of the Management Board	} <i>Managing Partners</i>
Pierre Leroy,	Co-Managing Partner, Secretary General	
Thierry Funck-Brentano,	Co-Managing Partner, Chief Human Relations, Communications and Sustainable Development Officer	
Ramzi Khiroun,	Spokesman for the Managing Partners, Chief External Relations Officer	
Sophie Stabile,	Group Chief Financial Officer	

### 2.7.2 MANAGEMENT BOARD

This collective decision-making body was created in 2020 in connection with the Group's new strategic roadmap, the coordination of which requires the active involvement of the division senior executives.

The Management Board provides a platform for sharing information and coordinating the actions defined by the Company's Managing Partners and includes members of the Executive Committee along with the respective Chief Executive Officers of Lagardère Publishing and Lagardère Travel Retail.

### 2.7.3 ENLARGED COMMITTEE

The Managing Partners are also supported by the Enlarged Committee, which is made up of the members of the Management Board plus the Chief Executive Officer of Lagardère News, the

Deputy Secretary General and the Governance Director and CSR Director of Lagardère SCA. The Enlarged Committee meets every month.

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

## 2.7.4 EXECUTIVE BODY GENDER BALANCE POLICY

At 31 December 2020, the Lagardère group had strong female representation, with women making up 65% of its workforce and 57% of its managerial-grade employees.

In 2020, the Group Executive Committee welcomed its first woman member, the Chief Financial Officer, bringing the percentage of woman members to 20%, while the percentage of woman members on the Enlarged Committee is 40%. Women make up 60% of Lagardère Publishing's International Executive Committee, 18% of Lagardère Travel Retail's Management Committee, and 40% of Lagardère News' Executive Committee.

Having a balanced representation of men and women in senior management positions is one of the priority commitments of the Group's CSR policy. Lagardère 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 Corporate Governance Code to which Lagardère SCA adheres, the Managing Partners have adopted a diversity policy for the Group's managing bodies, which is regularly reviewed by the Supervisory Board and its Appointments, Remuneration and CSR Committee.

The Managing Partners set a target of women making up 45% of the Group's executives in 2021, out of around 600 executives in the Group at the end of 2020. This target has been exceeded, with women representing 51% of the Group's executives at 31 December 2020.

To make further progress in this strategic issue, the Managing Partners have decided to focus their efforts going forward on a smaller scope that is more representative of the Group's top management. Top management corresponds to (i) members of the Enlarged Executive Committee and their direct reports, (ii) members of the Executive Committees and Management Committees of Lagardère Publishing, Lagardère Travel Retail and Lagardère News, and of subsidiaries with more than 500 employees, and (iii) senior executives of entities with less than 500 employees based within and outside France.

Covering some 300 people at end-2020, or around 1% of the Group's total workforce, this scope was chosen taking into account its specific characteristics, notably its significant decentralised structure and international exposure.

Within this new scope, where 42% of people were women in 2020, the Managing Partners set a target of women making up 45% of the population by the end of 2024. This will be achieved through several action plans, including:

- ▶ looking for an appropriate gender balance when recruiting for managerial positions, up to the short-list phase;
- ▶ preparing succession plans as part of talent reviews with a greater emphasis on gender balance;
- ▶ rolling out measures via the "LL by Lagardère" network, in particular the internal mentoring program;
- ▶ incorporating gender balance targets within the CSR criteria used to determine components of short- and long-term variable remuneration for the Group's Managing Partners and senior executives;
- ▶ providing training and awareness-raising on diversity issues and on bias caused by stereotypes for all those involved in the recruitment process;
- ▶ raising the awareness of all employees to casual sexism in the workplace;
- ▶ regularly reporting on diversity.

Under the responsibility of the Chief Executive Officers of Lagardère Publishing, Lagardère Travel Retail and Lagardère News, each year steering committees comprising Human Resources and CSR Directors 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 Chief Human Relations, Communications and CSR Officer and Co-Managing Partner.

## 2.8 TRANSACTIONS WITH RELATED PARTIES (EXECUTIVE CORPORATE OFFICERS AND MEMBERS OF THE SUPERVISORY BOARD)

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### 2.8.1 SERVICE AGREEMENT

Since 1988, Lagardère Capital & Management (LC&M), a company created by Jean-Luc Lagardère, has provided the Group and its subsidiaries with a range of management resources and skills, with the following aims:

- ▶ over the long term, to guarantee that the Group's operating businesses have the best environment required for expansion;
- ▶ to supply the Group with strategic planning and operational services, coupled with high quality management services, including principally:
  - designing and developing economic and financial strategic scenarios; providing project monitoring skills,
  - providing research and follow-up concerning major markets and their development; assessing factors in different market environments that may create new opportunities for action,
  - monitoring and identifying potential investments and divestments,
  - managing business negotiations such as divestments, mergers and acquisitions,
  - orchestrating corporate operations, including state-of-the-art finance and capital management techniques,
  - establishing and maintaining relations in banking and finance, with particular attention to the characteristics of the various countries in which the Group does, or plans to do, business,
  - enhancing human resources by attracting high-potential management personnel,
  - providing overall management of the Group's image.

To meet these aims, LC&M employs the members of the Group Executive Committee, whose role is to assist the Managing Partners in performing their duties.

LC&M carries out its activities within the framework of the Service Agreement originally put in place in 1988 between LC&M and Lagardère Ressources, which is responsible for managing all of the Group's corporate resources.

Following an amendment in 2004, the remuneration paid under the Service Agreement is equal to the amount of expenses incurred in the execution of the Agreement, plus (in accordance with tax rules and customary market practices) a margin set at 10%, with an absolute upper limit of €1 million (an amount which, in practice, has been applied each year since 2004). After examination by the Audit Committee, these terms and conditions were approved by the Supervisory Board on 12 March 2004 and subsequently by the General Meeting of Shareholders on 11 May 2004.

In light of the 24 September 2020 acquisition by Groupe Arnault of a stake in LC&M through its subsidiary Financière Agache, the Service Agreement and all of its component parts, including the employment contracts of Executive Committee members and the supplementary pension benefit commitments accruing to them, were transferred prior to said acquisition without any modifications, to a new entity, Lagardère Management, wholly owned by Lagardère SAS, itself wholly owned by Arnaud Lagardère, under the terms of a partial transfer of assets involving a full business transfer (*transmission universelle du patrimoine*). The Supervisory Board of Lagardère SCA noted this transfer of the Service Agreement at its meeting of 24 May 2020.

Accordingly, with effect from 31 August 2020, Lagardère Management, of which Arnaud Lagardère and Pierre Leroy serve as Chairman and Chief Executive Officer, respectively, automatically replaced LC&M in the performance of the Service Agreement. The operation took effect retroactively on 1 July 2020 for accounting and tax purposes.

The expenses incurred in the execution of the Service Agreement, which form the basis for the remuneration due under the Agreement, can be split into three main categories, which would in any event have been borne by the Lagardère group.

The first category, representing the majority of expenses (around 82% in 2020), 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 Afeq-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 that the Company has chosen to adopt of its own volition in order to implement best corporate governance practices.

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 12.5% of the expenses in 2020) 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 (and previously LC&M) has none of its own resources, 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 (or to LC&M prior to 2020) for use of the above items. For the past dozen or so years, this amount has been stable at €1.9 million, and LC&M and Lagardère Management therefore bill the exact same amount to the Lagardère group.

The third category (around 5.5% of the expenses in 2020) includes miscellaneous other expenses incurred in connection with the Agreement. These expenses essentially consist of (i) fees for administrative and accounting services billed by the Lagardère group (following a similar scheme to the one for work environment costs), (ii) fees for consultants used by LC&M, and subsequently by Lagardère Management, and (iii) taxes and duties inherent to Lagardère Management's activities (property tax, etc.).

Hence, this contractual framework brings together in a clear and transparent manner the expenses corresponding to the total cost of

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the Group's general management, and subjects them to the statutory monitoring procedure applicable to related-party agreements.

As part of this procedure, the Service Agreement is reviewed annually by the Audit Committee and by the Supervisory Board and is also referred to in the Statutory Auditors' special report prepared in accordance with article L. 226-10 of the French Commercial Code.

The work of the Audit Committee on the precise conditions and costs related to the Service Agreement and any changes therein is presented to the Supervisory Board as part of the review required under article L. 225-88-1 of the French Commercial Code.

In 2020, the Supervisory Board asked the specialist financial firm Ledouble to perform a contractual audit on the application of the Service Agreement. Ledouble's favourable opinion was subsequently published on the Company's website.

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In 2020, invoicing to the Group in respect of the Service Agreement amounted to €16.66 million, further to review by the Audit Committee on 20 April 2021 and by the Supervisory Board at its meeting of 26 April 2021, versus €19.18 million in 2019. Total payroll costs recognized amounted to €13.1 million. These correspond to gross salaries, plus the related taxes, payroll taxes and pension provisions. The amount also includes the provision accrued for variable remuneration. Payment of this variable remuneration plus, where applicable, its inclusion in the basis for calculating fees, will be submitted to the 2021 General Meeting for approval in accordance with "say-on-pay" legislation. With the other expenses set out above (support costs invoiced by the Lagardère group for €1.9 million and other miscellaneous fees in an amount of €0.6 million), total costs amounted to €15.66 million versus €18.18 million in 2019. The contractual margin came out at €1 million, unchanged from 2019.

## 2.8.2 AGREEMENTS ENTERED INTO WITH MEMBERS OF THE SUPERVISORY BOARD

None – see section 2.6.2.

## 2.8.3 OTHER TRANSACTIONS

The other transactions with related parties in 2020 were undertaken in the normal course of business and under arm's length conditions. In particular, Lagardère SCA has not identified any agreements, other than those relating to normal business operations and entered into on arm's length terms, signed in 2020, directly or via an intermediary,

between (i) any of the Managing Partners, any members of the Supervisory Board or any shareholders of Lagardère SCA owning more than 10% of the voting rights and (ii) any company controlled by Lagardère SCA within the meaning of article L. 233-3 of the French Commercial Code.

## 2.9 SHARE CAPITAL

**AFR**

### 2.9.1 AMOUNT AND CHANGES IN THE SHARE CAPITAL

#### 2.9.1.1 AMOUNT

At 31 December 2020, the share capital amounted to €799,913,044.60, represented by 131,133,286 shares with a par value of €6.10 each, all ranking pari passu and fully paid up.

#### 2.9.1.2 CHANGES IN THE SHARE CAPITAL OVER THE LAST SIX YEARS

##### Amounts

Years	Type of transaction	Number of shares	Nominal amount (in euros)	Premium (in euros)	Total share capital (in euros)	Total number of shares
2015	Award of free shares to employees	104,253	635,943.30	-	800,548,987.90	131,237,539
	Capital reduction by cancelling shares	104,253	635,943.30		799,913,044.60	131,133,286
	Award of free shares to employees	412,853	2,518,403.30	-	802,431,447.90	131,546,139
	Capital reduction by cancelling shares	412,853	2,518,403.30		799,913,044.60	131,133,286
	Award of free shares to employees	134,552	820,767.20	-	800,733,811.80	131,267,838
	Capital reduction by cancelling shares	134,552	820,767.20		799,913,044.60	131,133,286
2016	Award of free shares to employees	139,467	850,748.70		800,763,793.30	131,272,753
	Capital reduction by cancelling shares	139,467	850,748.70		799,913,044.60	131,133,286
	Award of free shares to employees	201,420	1,228,662		801,141,706.60	131,334,706
	Capital reduction by cancelling shares	201,420	1,228,662		799,913,044.60	131,133,286
2017	Award of free shares to employees	250,992	1,531,051.20		801,444,095.80	131,384,278
	Capital reduction by cancelling shares	250,992	1,531,051.20		799,913,044.60	131,133,286
	Award of free shares to employees	172,365	1,051,426.50		800,964,471.10	131,305,651
	Capital reduction by cancelling shares	172,365	1,051,426.50		799,913,044.60	131,133,286
2018	Award of free shares to employees	384,440	2,345,084		802,258,128.60	131,517,726
	Capital reduction by cancelling shares	384,440	2,345,084		799,913,044.60	131,133,286
	Award of free shares to employees	97,800	596,580		800,509,624.60	131,231,086
	Capital reduction by cancelling shares	97,800	596,580		799,913,044.60	131,133,286
2019	Award of free shares to employees	59,000	359,900		800,272,944.60	131,192,286
	Capital reduction by cancelling shares	59,000	359,900		799,913,044.60	131,133,286
	Award of free shares to employees	522,012	3,184,273		803,097,317.80	131,655,298
	Capital reduction by cancelling shares	522,012	3,184,273		799,913,044.60	131,133,286
2020	Award of free shares to employees	289,188	1,764,046.80		801,677,091.40	131,422,474
	Capital reduction by cancelling shares	289,188	1,764,046.80		799,913,044.60	131,133,286
	Award of free shares to employees	157,830	962,763		800,875,807.60	131,291,116
	Capital reduction by cancelling shares	157,830	962,763		799,913,044.60	131,133,286

As shown in the above table, all changes in the share capital over the last six years arise from the final vesting of free shares awarded to Group employees and senior executives, and from the resulting share capital reduction by cancelling treasury shares.

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



## 2.9.2 TREASURY SHARES

### 2.9.2.1 AMOUNT

At 31 December 2020, the Company directly held 1,590,628 of its own shares (par value: €6.10), representing 1.21% of the total share capital at that date. The total cost of these shares was €31,390,313.16.

Based on the average weighted market price of the Company's shares in December 2020 (€20.31 per share), an unrealised capital gain was recognised in an amount of €908,682.56, bringing the net carrying amount of treasury shares directly held by the Company to €32,298,995.72.

### 2.9.2.2 SHARE BUYBACK PROGRAMMES: SHARES ACQUIRED, SOLD, CANCELLED OR REALLOCATED

#### A) TRANSACTIONS CARRIED OUT IN 2020

In 2020, the Company used the authorisations given by the shareholders at the 10 May 2019 and 5 May 2020 Annual General Meetings to carry out the following transactions for the objectives defined in the 2019/2020 share buyback programme:

##### 1. Market liquidity transactions

Under the liquidity agreement entered into with Képler Cheuvreux on 7 October 2008, which has been renewed yearly since that date, in 2020 the Company:

- ▶ purchased 1,471,624 shares for a total price of €24,124,518.86 representing an average per-share price of €16.39;
- ▶ sold 1,702,787 shares for a total price of €28,637,982.67, representing an average per-share price of €16.82.

On 2 January 2020, the Company allocated an additional €2,776,986 to the liquidity agreement, as announced in a press release published on the same date (available on the Company's website at [www.lagardere.com](http://www.lagardere.com)).

##### 2. Award of shares to employees

In 2020, the Company used 8,157 shares held in treasury for the "award to employees" objective, in order to deliver shares to beneficiaries – fully vested and free of charge – under the free share and performance share plans set up on 9 May 2016.

##### 3. Capital reduction

The Company cancelled 447,018 shares in 2020, within the scope of two capital reductions carried out concomitantly with capital increases through the issuance of new shares, in connection with the final vesting of free shares and performance shares for Group employees and senior executives.

##### 4. Partial reallocation for other uses

The Company reallocated 447,018 shares from the "award to employees" objective to the "capital reduction" objective.

#### B) POSITION AT 31 DECEMBER 2020

At the end of 2020, the 1,590,628 shares with a nominal value of €6.10 directly held by the Company and representing 1.21% of the share capital were allocated as follows:

- ▶ 1,491,791 shares allocated to the "award to employees" objective, representing 1.14% of the share capital, for a total cost of €29,423,312.03.
- ▶ 98,837 shares allocated to the "promotion of market liquidity" objective, representing 0.07% of the share capital, for a total cost of €1,967,001.21.

#### C) TRANSACTIONS CARRIED OUT UNDER THE AUTHORISATION GRANTED BY THE ANNUAL GENERAL MEETING OF 5 MAY 2020

The Annual General Meeting of 5 May 2020 renewed the authorisation granted to the Managing Partners by the Annual General Meeting of 10 May 2019 to purchase Lagardère SCA shares representing up to 10% of the share capital (i.e., up to 13,113,328 shares), for a maximum amount of €500 million, and at a maximum per-share purchase price of €40, mainly for the following purposes:

- ▶ to reduce the share capital by cancelling all or some of the shares purchased;
- ▶ to award free shares to employees and officers of the Company and of entities or groups related to it within the meaning of articles L. 225-197-1 *et seq.* of the French Commercial Code;
- ▶ to tender shares upon the exercise of share options;
- ▶ to set up any company or group savings scheme (or similar plan) under the conditions provided for by law, notably articles L. 3332-1 *et seq.* of the French Labour Code (*Code du travail*), including by way of awarding the shares free of consideration as part of the employer's contribution and/or in replacement of the discount, in accordance with the applicable laws and regulations;
- ▶ to award or transfer shares to employees as part of a profit-sharing scheme;
- ▶ to award shares to employees and corporate officers of the Company and of entities or groups related to the Company for any other purpose permitted by the applicable law and regulations;
- ▶ to remit shares upon the exercise of rights attached to securities giving access to the Company's share capital in any way whatsoever;
- ▶ to promote liquidity in the Company's shares under liquidity agreements that comply with a code of conduct recognised by the AMF and entered into with independent investment services providers;
- ▶ to hold the shares for subsequent exchange or payment as consideration for external growth transactions, merger, demerger or asset contribution;
- ▶ and more generally, to carry out any transaction in accordance with applicable laws and regulations and, in particular, with market practices accepted by the AMF.

This authorisation – which was given for a period of 18 months as from 5 May 2020 – superseded the authorisation given for the same purpose at the 10 May 2019 Annual General Meeting.

The corresponding share buyback programme was described in a press release issued on 6 May 2020 and available on the Group's corporate website at [www.lagardere.com](http://www.lagardere.com).

Under this authorisation, the Company carried out the following transactions from 6 May 2020 to 31 March 2021:

##### 1. Market liquidity transactions

The Company purchased 976,389 shares for a total price of €16,528,997.50, i.e., an average per-share price of €16.93, and sold 1,307,389 shares for a total price of €21,085,772.49 on the market, i.e., an average per-share price of €16.13, under the liquidity agreement referred to above.

##### 2. Award of shares to employees

The Company used 11,407 shares for the "award to employees" objective, in order to deliver shares to beneficiaries – fully vested and

free of charge – under the free share plans set up on 9 May 2016, 16 April 2018 and 8 April 2019.

### 3. Capital reduction

The Company cancelled 157,830 shares in 2020, as part of a capital reduction carried out concomitantly with a capital increase through the issuance of new shares, in connection with the delivery of vested

shares to Group employees and senior executives under free share and performance share plans.

### 4. Partial reallocation for other uses

The Company reallocated 157,830 shares from the “award to employees” objective to the “capital reduction” objective.

The Annual General Meeting of 30 June 2021 will be asked to renew this authorisation.

## 2.9.3 OTHER SECURITIES AND RIGHTS GIVING ACCESS TO THE COMPANY'S SHARE CAPITAL

### 2.9.3.1 MARKETABLE SECURITIES

None of the existing securities give or potentially give immediate or future access to the Company's share capital.

### 2.9.3.2 SHARE SUBSCRIPTION OPTIONS

At 31 December 2020, there were no subscription options outstanding which, if exercised, would result in the issue of an equivalent number of new shares, the last share subscription plan having expired in December 2007.

### 2.9.3.3 FREE SHARE AWARDS

In 2020, the Company did not award any free shares or performance shares to employees or officers of the Company or of entities or groups related to the Company within the meaning of articles L. 225-197-1 *et seq.* of the French Commercial Code.

The shares due to be remitted to employees and senior executives of the Company and of other companies related to the Company between 2021 and 2023 as a result of free share awards made in 2017, 2018 and 2019 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 1,687,260 shares with a par value of €6.10 each, representing a maximum share capital dilution of 1.29% that will, in principle, be neutralised by cancelling an equivalent number of treasury shares, as has historically been the case.

## 2.9.4 AUTHORISED, UNISSUED SHARE CAPITAL

The Ordinary and Extraordinary General Meeting of 10 May 2019 authorised the Managing Partners, for a period of 38 months:

- ▶ to award existing or new shares free of consideration and shares with performance conditions to Group employees and senior executives (other than the executive corporate officers of Lagardère SCA) within an annual limit of 0.8% of the total number of shares making up the share capital;
- ▶ to award performance shares free of consideration to the executive corporate officers of Lagardère SCA within an annual limit, for each executive corporate officer, of 0.025% of the total number of shares making up the share capital.

The Ordinary and Extraordinary General Meeting of 10 May 2019 authorised the Managing Partners, for a period of 26 months:

- ▶ to issue, with or without pre-emptive subscription rights, securities giving immediate or future access to the Company's share capital, within the following limits:
  - maximum nominal amount of capital increases which may result from authorised issues without pre-emptive subscription rights and without priority rights: €80 million,

- maximum nominal amount of capital increases which may result from authorised issues with pre-emptive subscription rights or with priority rights: €300 million,
- maximum authorised amount for debt issuances: €1,500 million;
- ▶ to increase the share capital by capitalising reserves, profits or issue premiums and award newly-issued free shares to shareholders (or increase the par value of existing shares) within the limit of €300 million;
- ▶ to issue ordinary shares of the Company and/or securities giving access to the Company's share capital, without pre-emptive subscription rights, to be awarded to Group employees within the scope of corporate savings schemes and within an annual limit of 0.5% of the number of shares making up the share capital.

The Annual General Meeting of 10 May 2019 also authorised the Managing Partners to issue, on one or more occasions, securities other than new securities giving access to the Company's capital, up to a maximum amount of €1.5 billion.

In 2020, the Company did not use any of these authorisations.

The Annual General Meeting of 30 June 2021 will be asked to renew these authorisations.

## Summary table of authorisations to increase the share capital, given by shareholders at the 10 May 2019 Annual General Meeting to the Managing Partners

Type of authorisation	Term	Description	% share capital	Used in 2020
<b>Free share awards</b>	38 months			
<b>Free shares</b> (13 <sup>th</sup> resolution)		▶ Maximum nominal amount: approx. €3.2 million/year	<b>0.4%/year</b>	None
<b>Performance shares (excluding ECOs<sup>(1)</sup>)</b> (12 <sup>th</sup> resolution)		▶ Maximum nominal amount: approx. €3.2 million/year	<b>0.4%/year</b>	None
<b>ECO performance shares</b> (12 <sup>th</sup> resolution)		▶ Maximum nominal amount: approx. €0.2 million/year/ECO	<b>0.025%/year/ECO</b>	None
<b>Capital increases</b>	26 months	<b>Overall ceiling (maximum nominal amount) of debt securities: €1,500 million</b>		
<b>Capital increases with pre-emptive subscription rights<sup>(2)</sup></b> (15 <sup>th</sup> resolution)		<b>Overall ceiling (maximum nominal amount) of capital increases with priority rights: €300 million</b> ▶ 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 for the Managing Partners to limit a capital increase to 75% of the original amount and to offer all or some of the unsubscribed shares on the market	<b>approx. 37.5%</b>  approx. 33%	None
<b>Capital increases without pre-emptive subscription rights<sup>(2)</sup>:</b>		<b>Overall ceiling (excluding issues with priority rights): €80 million</b>	<b>approx. 10%</b>	
▶ Public offers with a priority right (16 <sup>th</sup> resolution)		<b>▶ Overall ceiling (maximum nominal amount) of capital increases with pre-emptive subscription rights: €300 million</b> ▶ 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%	approx. 20%	None
▶ Public offers without a priority right (17 <sup>th</sup> resolution)		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Maximum discount of 5%	approx. 10%	None
▶ Private placements governed by article L. 411-2 II of the French Monetary and Financial Code (18 <sup>th</sup> resolution)		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million ▶ Maximum discount of 5%	approx. 10%	None
▶ Public exchange offers (20 <sup>th</sup> resolution)		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million	approx. 10%	None
▶ Contributions in kind (20 <sup>th</sup> resolution)		▶ Maximum nominal amount: €80 million ▶ Maximum nominal amount of debt securities: €1,500 million	approx. 10%	None
<b>Greenshoe option<sup>(2)</sup></b> (19 <sup>th</sup> resolution)		▶ Issue of additional securities subject to the ceilings applicable to the original issue and not exceeding 15% of the original issue amount	15% of the original issue	None
<b>Capital increases by capitalising reserves, profit and/or share premiums</b> (22 <sup>nd</sup> resolution)		▶ <b>Maximum nominal amount: €300 million</b> ▶ Rights to fractions of shares neither transferable nor tradable	approx. 37.5%	None
<b>Issue of securities for employees who are members of a corporate savings scheme</b> (23 <sup>rd</sup> resolution)		▶ <b>Annual ceiling: 0.5%</b> ▶ Maximum discount of 30% ▶ Possibility of awarding free shares in replacement of the discount and/or the employer's contribution	0.5% per year	None

(1) ECO: Executive corporate officers of Lagardère SCA.

(2) Subject to the overall ceilings applicable to capital increases and issues of debt securities (21<sup>st</sup> resolution adopted by the 10 May 2019 Annual General Meeting).

## 2.9.5 PLEDGES OF COMPANY SHARES

### 2.9.5.1 PLEDGES OF REGISTERED SHARES OF THE COMPANY AT 31 DECEMBER 2020

- ▶ Number of shareholders: 71
- ▶ Number of shares: 9,570,142 (7.30% of the share capital)

### 2.9.5.2 PLEDGES OF COMPANY SHARES REGISTERED IN THE NAMES OF SHAREHOLDERS HOLDING MORE THAN 0.5% OF THE SHARE CAPITAL AT 31 DECEMBER 2020

A total of 9,511,965 shares belonging to Lagardère Capital (formerly Lagardère Capital & Management), representing 7.25% of the share capital, are pledged to Crédit Agricole Corporate and Investment Bank under a financial instruments pledge agreement dated 28 September 2007, until reimbursement of the debt for which they serve as guarantee.

## 2.9.6 STOCK MARKET INFORMATION

### 2.9.6.1 GENERAL INFORMATION

- ▶ Number of shares making up the share capital at 31 December 2020: 131,133,286
- ▶ Number of shares listed on 31 December 2020: 131,133,286

- ▶ Compartment A
- ▶ Ticker symbol: MMB
- ▶ ISIN: FR0000130213
- ▶ Listed on: Euronext Paris

### 2.9.6.2 DIVIDENDS (OVER THE LAST FIVE YEARS) AND SHARE PRICES AND TRADING VOLUMES (OVER THE LAST FOUR YEARS)

#### Dividends per share

Year of payment	Number of shares entitled to dividend	Dividend (euros per share)	Tax credit (euros per share)	Gross dividend (euros per share)	Total dividend (in millions of euros)
2016	128,727,324	1.30	None	1.30	167.35
2017	129,438,203	1.30	None	1.30	168.27
2018	129,858,508	1.30	None	1.30	168.82
2019	130,566,820	1.30	None	1.30	169.74
2020 (*)	0	0.00	N/A	0.00	0

(\*) In light of the challenges of solidarity and corporate responsibility resulting from the unprecedented crisis linked to the Covid-19 pandemic, the Managing Partners, in agreement with the Supervisory Board, decided not to pay any dividends in 2020 in respect of 2019. An amount of €5 million deducted from the cash initially set aside to pay the dividend was transferred to the Covid-19 Solidarity Fund set up by Lagardère.

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 SCA share price (source: Euronext Paris)

	High for month (in euros)	Date of high	Low for month (in euros)	Date of low	Closing price (in euros)	Average opening price (in euros)	Average closing price (in euros)	Number of shares traded	Total amount traded (in millions)	Number of trading days
<b>2017</b>										
January	26.84	3 Jan.	23.21	31 Jan.	23.21	25.16	25.08	7,528,269	187.91	22
February	24.70	10 Feb.	23.15	27 Feb.	23.74	23.73	23.73	6,828,414	162.62	20
March	27.61	31 March	23.74	1 March	27.61	25.56	25.71	10,535,409	271.35	23
April	28.24	28 April	26.97	21 April	28.12	27.57	27.62	5,964,197	164.48	18
May	28.95	5 May	27.07	18 May	27.98	27.90	27.94	7,772,469	216.62	22
June	28.68	20 June	27.50	12 June	27.65	28.15	28.11	7,133,960	200.48	22
July	28.21	31 July	26.69	10 July	27.75	27.46	27.46	5,788,649	159.08	23
August	27.91	1 Aug.	25.78	29 Aug.	26.99	27.20	27.18	5,837,292	158.41	21
September	28.32	29 Sept.	26.77	7 Sept.	28.32	27.35	27.42	4,230,899	116.09	21
October	28.66	27 Oct.	27.87	25 Oct.	28.27	28.26	28.25	5,212,553	147.23	22
November	28.69	13 Nov.	26.59	15 Nov.	27.53	27.72	27.67	7,873,711	217.44	22
December	28.02	18 Dec.	26.59	29 Dec.	26.73	27.47	27.44	5,515,184	151.63	19
<b>2018</b>										
January	27.17	8 Jan.	25.10	31 Jan.	25.12	26.06	26.00	8,327,735	216.27	22
February	25.32	1 Feb.	23.46	6 Feb.	24.20	24.52	24.49	7,702,237	188.13	20
March	24.38	8 March	21.99	9 March	23.20	23.33	23.28	13,283,797	306.42	21
April	23.84	26 April	22.76	3 April	23.68	23.32	23.31	10,087,545	235.04	20
May	25.43	3 May	22.17	29 May	23.10	23.16	23.10	23,863,192	552.32	22
June	24.22	12 June	22.61	29 June	22.61	23.44	23.40	13,330,581	312.67	21
July	25.24	30 July	22.35	9 July	24.99	23.48	23.49	9,969,012	235.27	22
August	25.85	28 Aug.	24.34	15 Aug.	25.40	25.08	25.10	6,824,824	170.86	23
September	26.81	20 Sept.	24.67	6 Sept.	26.51	25.78	25.83	6,956,966	180.03	20
October	26.79	1 Oct.	23.60	29 Oct.	24.19	25.37	25.21	9,139,992	230.89	23
November	26.33	8 Nov.	24.04	1 Nov.	24.98	25.00	25.01	7,026,313	175.97	22
December	25.38	3 Dec.	20.99	20 Dec.	22.02	22.75	22.63	6,953,260	157.30	19
<b>2019</b>										
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
<b>2020</b>										
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
<b>2021</b>										
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

## 2.9.7 OPTIONS GRANTED TO THIRD PARTIES ON SHARES MAKING UP THE SHARE CAPITAL OF CERTAIN GROUP COMPANIES

Certain investments included in Lagardère SCA'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 this

Universal Registration Document. At the date of filing, there were no other put options concerning all or part of any significant investment held directly or indirectly by Lagardère SCA.

## 2.9.8 SHARE OWNERSHIP STRUCTURE – PRINCIPAL SHAREHOLDERS

### 2.9.8.1 CHANGES IN SHARE OWNERSHIP STRUCTURE AND VOTING RIGHTS OVER THE LAST THREE YEARS

Shareholders	At 31 December 2020				At 31 December 2019				At 31 December 2018			
	Number of shares	% of share capital	% of voting rights exercisable at General Meetings	% of theoretical voting rights	Number of shares	% of share capital	% of voting rights exercisable at General Meetings	% of theoretical voting rights	Number of shares	% of share capital	% of voting rights exercisable at General Meetings	% of theoretical voting rights
<b>Vivendi SE</b>	38,296,855	29.20	22.62	22.41	-	-	-	-	-	-	-	-
Amber Capital UK LLP	25,499,001	19.45	15.06	14.92	10,356,855	7.90	6.00	5.92	6,692,276	5.10	3.81	3.75
Amber Capital Italia SGR SpA	546,634	0.42	0.32	0.32	469,199	0.36	0.27	0.27	265,720	0.20	0.15	0.15
<b>Sub-total – Amber Capital acting in concert</b>	<b>26,045,635</b>	<b>19.86</b>	<b>15.39</b>	<b>15.24</b>	<b>10,826,054</b>	<b>8.26</b>	<b>6.27</b>	<b>6.18</b>	<b>6,957,996</b>	<b>5.31</b>	<b>3.96</b>	<b>3.90</b>
<b>Qatar Holding LLC<sup>(*)</sup></b>	<b>17,091,585</b>	<b>13.03</b>	<b>20.19</b>	<b>20.00</b>	<b>17,091,585</b>	<b>13.03</b>	<b>19.79</b>	<b>19.53</b>	<b>17,091,585</b>	<b>13.03</b>	<b>19.45</b>	<b>19.18</b>
Lagardère Capital <sup>(**)</sup>	9,521,625	7.26	11.25	11.14	9,521,625	7.26	11.03	10.88	9,606,781	7.33	10.93	10.78
Financière Agache	10,163,504	7.75	6.00	5.95	-	-	-	-	-	-	-	-
Agache	0	0	0	0	-	-	-	-	-	-	-	-
<b>Sub-total – Lagardère/ Groupe Arnault acting in concert</b>	<b>19,685,129</b>	<b>15.01</b>	<b>17.25</b>	<b>17.09</b>	<b>not applicable</b>	<b>not applicable</b>	<b>not applicable</b>	<b>not applicable</b>	<b>not applicable</b>	<b>not applicable</b>	<b>not applicable</b>	<b>not applicable</b>
<b>Other shareholders</b>	<b>25,786,369</b>	<b>19.66</b>	<b>22.16</b>	<b>22.29</b>	<b>88,383,756</b>	<b>67.40</b>	<b>60.25</b>	<b>59.45</b>	<b>93,784,068</b>	<b>71.52</b>	<b>63.38</b>	<b>63.28</b>
<b>Employees and Group Savings Plan investment funds</b>	<b>2,637,085</b>	<b>2.01</b>	<b>2.69</b>	<b>2.34</b>	<b>2,967,170</b>	<b>2.26</b>	<b>2.66</b>	<b>2.63</b>	<b>2,603,977</b>	<b>1.99</b>	<b>2.28</b>	<b>2.25</b>
<b>Treasury shares</b>	<b>1,590,628</b>	<b>1.21</b>	<b>-</b>	<b>0.93</b>	<b>2,343,096</b>	<b>1.79</b>	<b>-</b>	<b>1.34</b>	<b>1,088,879</b>	<b>0.83</b>	<b>-</b>	<b>0.61</b>
<b>Total <sup>(***)</sup></b>	<b>131,133,286</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>131,133,286</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>131,133,286</b>	<b>100</b>	<b>100</b>	<b>100</b>

(\*) Based on the shareholding information provided in the latest threshold declaration received by the Company on 9 August 2018. In accordance with the Company's Articles of Association, shares held by Qatar Holding LLC carry double voting rights.

(\*\*) Arnaud Lagardère, LM Holding, Lagardère SAS and their subsidiary Lagardère Capital (formerly Lagardère Capital & Management).

(\*\*\*) The total ownership interest of each shareholder or category of shareholders is presented in the table above, rounded to the nearest hundredth.

Of the 2.01% of capital held by Group employees, 0.45% 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 2020, the share capital was held by 44,794 shareholders and intermediaries directly registered in the Company's register.

In 2020, significant changes in the Company's shareholding structure were as follows:

- ▶ Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting in concert, significantly increased the stake held in the Company by the funds they manage, from 7.90% of the share capital at 31 December 2019 to an overall 19.86% capital stake at 31 December 2020.
  - ▶ Vivendi SE acquired a stake in the Company, holding 29.20% of its share capital at 31 December 2020.
  - ▶ Financière Agache also acquired a stake in the Company, holding 7.75% of its share capital at 31 December 2020.
- There has been no significant change in the Company's share ownership structure or voting rights since 31 December 2020.

### 2.9.8.2 REGULATORY SHAREHOLDING THRESHOLD CROSSINGS

Date of AMF notice	Shareholder	Threshold crossed
9 January 2020	Caisse des Dépôts et Consignations	Above 5% of voting rights on 2 January 2020
12 February 2020	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 10% of share capital on 5 February 2020
12 February 2020	Amber Capital UK LLP	Above 10% of share capital on 6 February 2020
28 February 2020	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 10% of voting rights on 25 February 2020
28 February 2020	Amber Capital UK LLP	Above 10% of voting rights on 26 February 2020
2 March 2020	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 15% of share capital on 28 February 2020
4 March 2020	Amber Capital UK LLP	Above 15% of share capital on 2 March 2020
9 April 2020	Caisse des Dépôts et Consignations	Below 5% of voting rights on 3 April 2020
21 April 2020	Vivendi SE	Above 5% of share capital on 15 April 2020
21 April 2020	Vivendi SE	Above 5% of voting rights on 16 April 2020
24 April 2020	Vivendi SE	Above 10% of share capital on 21 April 2020
7 May 2021	Vivendi SE	Above 10% of voting rights on 6 May 2020
25 May 2020	Vivendi SE	Above 15% of share capital on 18 May 2020
15 July 2020	Vivendi SE	Above 15% of voting rights on 8 July 2020
15 July 2020	Vivendi SE	Above 20% of share capital on 9 July 2020
15 July 2020	Amber Capital UK LLP and Amber Capital Italia SGR SpA	Above 15% of voting rights on 10 July 2020
25 September 2020	Financière Agache	Above 5% of share capital on 23 September 2020
25 September 2020	Arnaud Lagardère and Lagardère, LM Holding and Lagardère Capital with Groupe Arnault and Financière Agache	Above 5% of share capital on 24 September 2020
25 September 2020	Arnaud Lagardère and Lagardère, LM Holding and Lagardère Capital with Groupe Arnault and Financière Agache	Above 10% of share capital on 24 September 2020
25 September 2020	Arnaud Lagardère and Lagardère, LM Holding and Lagardère Capital with Groupe Arnault and Financière Agache	Above 5% of voting rights on 24 September 2020
25 September 2020	Arnaud Lagardère and Lagardère, LM Holding and Lagardère Capital with Groupe Arnault and Financière Agache	Above 10% of voting rights on 24 September 2020
25 September 2020	Arnaud Lagardère and Lagardère, LM Holding and Lagardère Capital with Groupe Arnault and Financière Agache	Above 15% of voting rights on 24 September 2020
2 October 2020	Vivendi SE	Above 25% of share capital on 25 September 2020
2 October 2020	Vivendi SE	Above 20% of voting rights on 29 September 2020
5 October 2020	Financière Agache	Above 5% of voting rights on 29 September 2020
13 October 2020	Arnaud Lagardère and Lagardère, LM Holding and Lagardère Capital with Groupe Arnault and Financière Agache	Above 15% of share capital on 7 October 2020
9 March 2021	Amber Capital UK LLP	Above 15% of voting rights on 5 March 2021

### 2.9.8.3 ACTIONS IN CONCERT WITH OTHER GROUPS

The following actions in concert have been disclosed to the Company:

- ▶ action in concert by (i) Arnaud Lagardère, personally and via the three companies he controls, Lagardère SAS, LM Holding and Lagardère Capital (formerly Lagardère Capital & Management) and (ii) the two companies, Agache (formerly Groupe Arnault) and Financière Agache;
- ▶ action in concert by Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of funds that they manage.

### 2.9.8.4 VOTING RIGHTS

Including the double voting rights attributed to shares registered in the name of the same shareholder for at least four years (see section 2.10.6.4), the total number of rights to vote at General Meetings at 31 December 2020 was 169,282,290.

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 2020 amounted to 170,902,398.

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.

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., 169,282,290 at 31 December 2020.

The percentage of voting rights held by Supervisory Board members was 0.0027% at 31 December 2020 (0.0035% of the share capital).

### 2.9.8.5 PRINCIPAL SHAREHOLDERS

At 31 December 2020, Arnaud Lagardère, personally and via the three companies that he controls, Lagardère SAS, LM Holding and Lagardère Capital (formerly Lagardère Capital & Management), held 7.26% of the Company's share capital and 11.25% of the rights to vote at General Meetings. At that date, he also held 15.01% of the share capital and 17.25% of the rights to vote at General Meetings in concert with Financière Agache (which itself held 7.75% of the Company's share capital and 6% of its voting rights at 31 December 2020). In accordance with the Company's Articles of Association (see section 2.10.6.4), shares held by Arnaud Lagardère and by the companies Lagardère Capital or Lagardère SAS carry double voting rights. Arnaud Lagardère, who controls and chairs

Lagardère Capital, is Managing Partner of Lagardère SCA alongside Arjil Commandité-Arco, a subsidiary of Lagardère Capital.

At 31 December 2020, Vivendi held 29.20% of the share capital and 22.62% of the rights to vote at General Meetings.

At 31 December 2020, Amber Capital UK LLP held 19.45% of the Company's share capital and 15.06% of the rights to vote at General Meetings on behalf of the funds it manages, and 19.86% of the share capital and 15.39% of the rights to vote at General Meetings in concert with Amber Capital Italia SGR SpA on behalf of the funds they manage.

At 31 December 2020, based on the shareholding information provided in the latest threshold disclosure received by the Company prior to that date, Qatar Investment Authority (via its subsidiary Qatar Holding LLC) held 13.03% of the Company's share capital and 20.19% of the rights to vote at General Meetings. In accordance with the Company's Articles of Association, shares held by Qatar Holding LLC carry double voting rights.

To the best of the Company's knowledge, at 31 December 2020 no other shareholder held more than 5% of the Company's share capital or voting rights directly or indirectly, alone or in concert.

### 2.9.8.6 SHAREHOLDER AGREEMENTS

1. Amber Capital UK LLP and Amber Capital Italia SpA, acting on behalf of the funds they manage ("Amber Capital"), and Vivendi SE reported to the Company, pursuant to the provisions of article L. 233-11 of the French Commercial Code, that on 10 August 2020 they had entered into a shareholder agreement concerning Lagardère SCA shares, the main terms of which are detailed in the opinion published by the AMF and available on its website (Opinion 220C2974).

2. Arnaud Lagardère and Pierre Leroy, along with Lagardère SAS, LM Holding, Lagardère Capital, Financière Agache and Agache (formerly Groupe Arnault), reported to the Company, pursuant to the provisions of article L. 233-11 of the French Commercial Code, that on 24 September 2020 they had entered into a shareholder agreement regarding Lagardère Capital and containing stipulations concerning Lagardère SCA shares, the main terms of which are detailed in the opinion published by the AMF and available on its website (Opinion 220C3883).

### 2.9.8.7 GROUP TO WHICH THE COMPANY BELONGS

Lagardère SCA is the ultimate holding company of the Lagardère group. See the simplified Group organisation chart at 31 December 2020 in section 1.3 of the 2020 Universal Registration Document.

## 2.9.9 FREE SHARE AWARDS BY LAGARDÈRE SCA OR BY ITS RELATED ENTITIES

### SPECIAL REPORT OF THE MANAGING PARTNERS ON FREE SHARE AWARDS

Pursuant to the provisions of article L. 225-197-4 of the French Commercial Code, please find below the required information related to transactions in free share awards carried out in 2020.

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The policy on free share awards is intended to give the Lagardère group's executives worldwide a stake in the Group's growth and consequent rise in value.

The policy enables the Group to single out and foster loyalty among those who have particularly contributed to its performance and whom the Group wishes to retain on a lasting basis in order to future-proof its growth as part of its long-term corporate strategy.

For Lagardère SCA'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 SCA 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 2020

In the course of 2020, 455,175 free shares vested, of which 447,018 were issued through a capital increase carried out by capitalising reserves, with a share capital reduction carried out concomitantly by

### Free share plans granted by the Company and in effect in 2020

The main characteristics of all the free share plans which expired in 2020 or were in effect at 31 December 2020 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
9 May 2016	829,660	135,461	694,199	-
6 April 2017	817,660	344,632	294,188	178,840
16 April 2018	812,460	86,250	5,000	721,210
8 April 2019	474,990	15,650	-	459,340
14 May 2019	232,370	4,000	-	228,370
10 October 2019	100,000	500	-	99,500
<b>Total</b>	<b>3,267,140</b>	<b>586,493</b>	<b>993,387</b>	<b>1,687,260</b>

\*\*\*

### Awards of free shares by entities or groups related to the Company

- On 30 June 2020, Ice Participations, an entity in the Lagardère Publishing division, awarded and delivered 530,087 free shares to each of its two Deputy Chief Executive Officers.
- In the course of 2020, no other free shares were awarded by entities or groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or by entities controlled by Lagardère SCA within the meaning of article L. 233-16 of said Code.

cancelling 447,018 treasury shares purchased under the Company's share buyback programme. The remaining 8,157 shares were taken from treasury shares allocated for "award to employees".

- ▶ 289,188 free shares/performance shares were delivered under the 6 April 2017 plan.
- ▶ 165,987 free shares/performance shares were delivered under the 9 May 2016 plan.

### Awards of free shares by the Company in 2020

In the exceptional context of the Covid-19 crisis, no free shares or performance shares were awarded during 2020.

## SPECIFIC INFORMATION ON THE EXECUTIVE CORPORATE OFFICERS AND EMPLOYEES OF LAGARDÈRE SCA

- In 2020, Pierre Leroy and Thierry Funck-Brentano, employees of Lagardère Management and executive corporate officers of Lagardère SCA, were not awarded any Lagardère SCA shares in the unprecedented context of Covid-19.
- In 2020, Lagardère SCA's executive corporate officers were not awarded any free shares by the entities and groups related to Lagardère SCA 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.
- In 2020, Lagardère SCA's eight employees were not awarded any free shares by Lagardère SCA.
- In 2020, Lagardère SCA's employees were not awarded any free shares by the companies and groups related to Lagardère SCA within the meaning of article L. 225-197-2 of the French Commercial Code, or by companies that it controls within the meaning of article L. 233-16 of said Code.

## 2.10 PRINCIPAL PROVISIONS OF THE COMPANY'S ARTICLES OF ASSOCIATION

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### 2.10.1 CORPORATE PURPOSE

The Company's corporate purpose, in France and abroad, is:

- ▶ to acquire any form of interests or investments in all types of company or business, whether French or foreign, by any appropriate means;
- ▶ to manage any type of transferable security portfolio and to carry out any related spot or forward transactions, whether contingent or not;
- ▶ to acquire and license any patents, trademarks, and commercial and industrial businesses;
- ▶ 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.

### 2.10.2 MANAGING PARTNERS

1. The Company is managed by one or more Managing Partners.
2. Throughout the life of the Company, any new Managing Partner is appointed unanimously by the General Partners, with the approval of the Supervisory Board or of the General Meeting according to the provisions of article 14 of the Articles of Association below.
3. Each Managing Partner has the broadest possible authority to act in any circumstances in the name of the Company, within the scope of the corporate purpose and subject to the powers expressly attributed by the law or the Articles of Association to the General Meeting of shareholders and the Supervisory Board.

In accordance with the law, each Managing Partner may authorise and grant, in the name of the Company, any sureties, warranties and undertakings which he deems reasonable.

Each Managing Partner may delegate part of their powers to one or more persons, whether or not they are employees of the Company and whether or not such persons have a contractual relationship with the Company. Such delegation in no way affects the duties and liability of the Managing Partner in relation to the exercise of such powers.

4. The Managing Partner(s) must take all necessary care in handling the business of the Company.
5. The age limit for a Managing Partner who is a natural person is 80.
6. The term of office of a Managing Partner cannot exceed six years but is renewable.

Any Managing Partner wishing to resign must inform the other Managing Partners, the General Partners and the Chairman of the Supervisory Board by registered letter with acknowledgement of receipt, at least three months before the date on which the said resignation is to take effect.

In the event that a corporate General Partner that is also a Managing Partner of the Company changes its own

Managing Partner(s), Chairman of its Board of Directors and/or Chief Executive Officer(s) and/or Chief Operating Officer(s), it is deemed to have resigned as Managing Partner of the Company, with immediate effect. This is also the case if those persons are no longer approved by the Supervisory Board in accordance with article 14 of the Company's Articles of Association (see below), or if there is any sale or subscription of shares that is not approved by the Supervisory Board pursuant to article 14 of the Articles of Association (see below).

When a Managing Partner's office terminates, the management of the Company is carried out by the Managing Partner or Partners who remain in office, without prejudice to the right of the General Partners to appoint a new Managing Partner as a replacement, or to renew the appointment of the outgoing Managing Partner, under the conditions described in paragraph 2 above.

When a sole Managing Partner's office terminates, one or more new Managing Partners are appointed, or the outgoing sole Managing Partner is re-appointed, under the conditions provided for in paragraph 2 above. However, pending such appointment, the Company shall be managed by the General Partner or Partners who may delegate all necessary powers for the management of the Company until the new Managing Partner or Partners have been appointed.

A Managing Partner may be dismissed at any time on the grounds of incapacity (whether as a result of insolvency proceedings or otherwise) or for any other cause, by the unanimous decision of the General Partners, after the Supervisory Board has expressed its opinion under the conditions provided for in article 14 of the Company's Articles of Association (see below). A Managing Partner may also be dismissed for just cause, by way of a decision of a court of law.

### 2.10.3 SUPERVISORY BOARD

#### COMPOSITION OF THE SUPERVISORY BOARD (ARTICLE 12 OF THE ARTICLES OF ASSOCIATION)

1. The Company has a Supervisory Board comprising a maximum of ten members selected exclusively from among shareholders who are neither General nor Managing Partners, as well as either one or two members representing employees, appointed by the Group

Employees' Committee, in accordance with article L. 225-79-2 of the French Commercial Code.

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

2. The members of the Supervisory Board chosen from among the shareholders are appointed or dismissed by the shareholders in an Ordinary General Meeting. Shareholders who are also General Partners are not entitled to vote on such resolutions.
3. The term of office of members of the Supervisory Board cannot exceed four years. It terminates at the close of the Annual General Meeting called to approve the financial statements for the preceding year that is held during the year in which the term of the member expires. Members of the Supervisory Board may be re-appointed. No more than one-third of the members of the Supervisory Board in office may be more than 75 years old. If this proportion is exceeded, the oldest member is deemed to have resigned.
4. When the provisions of article L. 225-79-2 of the French Commercial Code apply to the Company, the Supervisory Board includes one or two members representing Group employees.

The Supervisory Board has two employee representative members when the number of the other Board members exceeds eight, and one employee representative member when the number of the other Board members is equal to or less than eight.

Employee representative members of the Supervisory Board are appointed for four-year terms. If the number of the other Supervisory Board members falls to eight or less, the terms of office of the sitting employee representative members will not be affected and will remain in force until their scheduled expiry date. If the seat of an employee representative member of the Supervisory Board falls vacant for any reason, such seat will be filled in accordance with the terms and conditions set out in article L. 225-34 of the French Commercial Code.

As an exception to the rule applicable to the other Supervisory Board members, the employee representative members of the Supervisory Board are not required to hold a minimum number of the Company's shares.

### **MEETINGS OF THE SUPERVISORY BOARD (ARTICLE 13 OF THE ARTICLES OF ASSOCIATION)**

The Supervisory Board appoints one of its members as Chairman and may, if it wishes, appoint one or more Deputy Chairmen to preside over Board meetings.

The Board meets as often as the Company's interests require and in any event at least once every six months.

Meetings may be called by the Chairman of the Board or, in the absence of the Chairman, by one of the Deputy Chairmen, or by at least half of the Board members, or by any of the Company's Managing Partners or General Partners.

At least half of the members must be present in order for the Board's decisions to be valid.

The decisions are made by a majority vote of the members present or represented. 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.

The deliberations are recorded in minutes of the meetings which are stored in a special register and signed by the Chairman of the meeting as well as by the Board Secretary or the majority of the members present.

### **POWERS OF THE SUPERVISORY BOARD (ARTICLE 14 OF THE ARTICLES OF ASSOCIATION)**

1. The management of the Company is placed under the permanent supervision of the Supervisory Board as provided by law.

In accordance with the law, the Board prepares a report for each Annual General Meeting called to approve the financial statements of the Company. This report is made available to the shareholders at the same time as the Managing Partners' report and the parent company financial statements.

In the event of one or more Managing Partners being dismissed by the General Partners, the Board must give its opinion. For this purpose, the Board is notified by the General Partners at least fifteen days in advance, and it must give its opinion within ten days of such notice. Notice is given by registered letter addressed to the Chairman of the Supervisory Board.

The Supervisory Board draws up a report on any proposal to increase or reduce the Company's share capital submitted to the shareholders.

The Supervisory Board may, if it deems it necessary, after having informed the Managing Partners in writing, call an Ordinary or Extraordinary General Meeting of shareholders, in compliance with the legal provisions relating to calling meetings.

The Supervisory Board has, by law, the right to receive from the Managing Partners the same documents as are made available to the Statutory Auditors.

2. The appointment or re-appointment of any Managing Partner must be approved by the Supervisory Board. Should Arjil Commanditée-Arco be appointed as Managing Partner, the Supervisory Board's approval has to be obtained, not in respect of Arjil Commanditée-Arco itself, but in respect of its Chairman, Chief Executive Officers and Chief Operating Officers.

The Supervisory Board has a maximum of twenty days from receiving notice from the General Partners in which to grant or refuse its approval of the proposed appointment.

If the Supervisory Board refuses to approve an appointment twice within a period of two months, in respect of two different candidates, while the Company is left without a Managing Partner and is being managed on an interim basis by the General Partners under article 10-6 of the Articles of Association, approval may be given by a majority vote of the shareholders in an Ordinary General Meeting called by the General Partner(s) at which only one of the two candidates is put forward.

In the absence of approval from either the Supervisory Board or the General Meeting in accordance with the above paragraphs, the General Partner(s) shall designate a third person. If the Supervisory Board fails to approve the appointment of the said third candidate, the appointment shall be submitted to the shareholders in an Ordinary General Meeting, which may only refuse the candidate by a vote of a two-thirds majority of the shareholders present or represented.

3. If Arjil Commanditée-Arco becomes a Managing Partner of the Company, from the date of its appointment to such office, no person may become a shareholder of Arjil Commanditée-Arco either by acquiring shares in Arjil Commanditée-Arco or by subscribing to an increase in its share capital, exercising share warrants or through the conversion or redemption of bonds, without the prior agreement of the Supervisory Board, which must approve or refuse this proposal within twenty days of receiving notice, either from Arjil Commanditée-Arco or from those shareholders who intend to transfer their shares.

If such a transaction takes place without the approval of the Supervisory Board, Arjil Commanditée-Arco, by virtue of the third

paragraph of article 10-6 of the Articles of Association, shall be deemed to have resigned from its office as Managing Partner, effective immediately.

4. Any transaction for the transfer of Arjil Commanditée-Arco shares or the issue of transferable securities by Arjil Commanditée-Arco, which might alter its control immediately or in the future, is subject to the prior approval of the Company's Supervisory Board, which must make a decision within twenty days of receiving notice, either from Arjil Commanditée-Arco or from those shareholders who intend to transfer their shares.

Should the transaction take place without the approval of the Supervisory Board, Arjil Commanditée-Arco, by virtue of article 18-5 of the Articles of Association, shall automatically lose its status as General Partner, effective immediately.

5. The approval of the Supervisory Board required in paragraphs 3 and 4 above shall be automatically deemed to have been given, if the acquiring or subscribing candidate makes a valid public tender offer for all of the Company's shares. Such approval shall not be required in the event of a transfer of Arjil Commanditée-Arco shares by way of inheritance.

## 2.10.4 GENERAL PARTNERS (ARTICLE 18 OF THE ARTICLES OF ASSOCIATION)

1. The General Partners (*Associés Commandités*) are:

- ▶ Arnaud Lagardère, domiciled at 4, rue de Presbourg, 75116 Paris, France;
- ▶ Arjil Commanditée-Arco, a French joint-stock corporation (*société anonyme*) with share capital of €40,000, whose registered office is located at 4, rue de Presbourg, 75116 Paris, France. Registered with the Paris Trade and Companies Registry under number 387 928 393.

2. The appointment of one or more new General Partners is decided by the shareholders in an Extraordinary General Meeting, upon the unanimous recommendation of the existing General Partners or Partner.

3. The Company shall not be wound up in the case of the death or incapacity of a natural person who is a General Partner, nor in the event of liquidation of a corporate person who is a General Partner.

4. Any natural person who is a General Partner and who is also a Managing Partner ceases to be a General Partner, automatically and effective immediately, if he is dismissed as Managing Partner for just cause under the terms of article 10-6 of the Articles of Association.

5. Any corporate entity which is a General Partner automatically ceases to be a General Partner, effective immediately, in the event that a sale or subscription of shares which is likely to change its control has been carried out without the consent of the Supervisory Board, as provided in article 14-4 of the Articles of Association.

In either case, the Articles of Association are automatically amended accordingly. The amendment is recorded and published by a Managing Partner or, in the absence of a Managing Partner, by a General Partner or by the Supervisory Board.

### RIGHTS OF THE GENERAL PARTNERS (ARTICLE 18 A OF THE ARTICLES OF ASSOCIATION)

A General Partner who is not also a Managing Partner (*Commandité Non-Gérant*) does not participate directly in the management of

the Company, except as described in article 10-6 of the Articles of Association.

General Partners exercise all the prerogatives attributed to their status by law and the Articles of Association.

By reason of the unlimited joint and several liability they assume, a General Partner who is not also a Managing Partner has the right to see all books and documents of the Company and to submit in writing to the Managing Partners any questions concerning the management of the Company. The Managing Partners must answer such questions in writing as promptly as possible. In addition, in consideration for their unlimited joint and several liability, General Partners are entitled to specific remuneration calculated in accordance with the provisions of article 25 of the Articles of Association.

### DECISIONS OF THE GENERAL PARTNERS (ARTICLE 18 B OF THE ARTICLES OF ASSOCIATION)

1. The decisions of the General Partner(s) may be made either at meetings, or by written consultation (ordinary letter, telex, telegram, fax, etc.).
2. In the event of a written consultation, each General Partner has a period of fifteen days to inform the Managing Partners of his decision on each of the draft resolutions. A General Partner who does not reply within this period is considered to have voted against the resolution.
3. Decisions taken by the General Partner(s) are recorded in minutes stating, *inter alia*, the date and method of consultation, the report or reports made available to the General Partner(s), the text of the resolutions and the result of the vote.

The minutes are drawn up by the Managing Partners or by one of the General Partners and signed by the General Partner(s) and/or the Managing Partner(s), as appropriate.

Copies or extracts of the minutes are validly certified as true copies either by the sole Managing Partner or by one of the Managing Partners if there are more than one, and by the General Partners.

## 2.10.5 REQUIREMENTS FOR CHANGING SHAREHOLDERS' RIGHTS

Any change in the rights of shareholders as defined in the Company's Articles of Association requires:

- ▶ a unanimous decision by the General Partners;

- ▶ a decision by the Extraordinary General Meeting, passed by a two-thirds majority of the votes of shareholders present or represented, including votes cast remotely.

## 2.10.6 GENERAL MEETINGS OF SHAREHOLDERS

### 2.10.6.1 GENERAL MEETINGS (ARTICLE 19 OF THE ARTICLES OF ASSOCIATION)

General Meetings are called either by the Managing Partners or by the Supervisory Board, or by any other person having the right to do so by virtue of the law or under the Articles of Association.

General Meetings are held at the registered office or at any other place as indicated in the notice of meeting. Notices of meeting are issued in the manner and within the time period provided by law and regulations.

General Meetings are chaired by the Managing Partner or one of the Managing Partners if there are several of them. If the meeting is called by the Supervisory Board, it is chaired by the Chairman of the Supervisory Board or by a member of the Supervisory Board appointed to this effect. Where the meeting has been called by any other person legally empowered to do so, the meeting is chaired by the person who called the meeting. If the person entitled or appointed to chair the meeting fails to do so, the meeting itself elects its Chairman.

The duties of vote tellers (*scrutateurs*) are performed by the two shareholders having the greatest number of shares, either directly or by way of proxy, and who are present and accept to be tellers.

The vote tellers thus designated constitute the officers of the meeting (*bureau*), and appoint a secretary who need not be a shareholder.

The officers of the meeting verify, certify and sign the attendance register, on the basis of specifications provided by the establishment in charge of organising the meeting, ensure that discussions are properly held, settle any differences that may arise in the course of the meeting, count the votes cast and ensure their validity and ensure that minutes of the meeting are drawn up.

Minutes recording the deliberations of each meeting are entered in a special register signed by the officers of the meeting. The minutes, drawn up and recorded in this form, are considered to be a true transcript of the meeting. All copies of or extracts from the minutes must be certified by one of the Managing Partners, by the Chairman of the Supervisory Board, or by the secretary of the meeting.

### 2.10.6.2 ORDINARY GENERAL MEETINGS (ARTICLE 20 OF THE ARTICLES OF ASSOCIATION)

The Annual General Meeting examines the management report prepared by the Managing Partners, the report of the Supervisory Board and the Statutory Auditors' reports. It discusses and approves the Company financial statements for the previous year and the proposed allocation of profit, in accordance with the law and the Articles of Association. In addition, the Annual General Meeting and any other Ordinary General Meeting may appoint or dismiss the members of the Supervisory Board, appoint the Statutory Auditors and vote on all questions within its authority and placed on the agenda, with the exception of those matters defined in article 21 of the Articles of Association as being exclusively within the authority of an Extraordinary General Meeting.

With the exception of resolutions concerning the election, resignation or dismissal of Supervisory Board members and the approval of the appointment of a Managing Partner (after the Supervisory Board has exercised its power of veto twice within two months in accordance with section 2.10.3 – Powers of the Supervisory Board), resolutions may only be passed at an Ordinary General Meeting with the unanimous and prior consent of the General Partner(s). This consent must be obtained by the Managing Partners prior to the said Ordinary General Meeting.

Apart from the case expressly provided for in the last paragraph of article 14-2 of the Articles of Association (see section 2.10.3 – Powers of the Supervisory Board), such resolutions are passed by a majority vote of the shareholders present, represented or having voted by mail at this meeting.

### 2.10.6.3 EXTRAORDINARY GENERAL MEETINGS (ARTICLE 21 OF THE ARTICLES OF ASSOCIATION)

Extraordinary General Meetings may validly deliberate on:

- ▶ any amendments to the Articles of Association for which approval by an Extraordinary General Meeting is required by law, including, but not limited to, and subject to the provisions of the 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 composition of Ordinary General Meetings or in the shareholders' voting rights at Ordinary or Extraordinary General Meetings;
  - ▶ a change in the purposes of the Company, its duration or its registered office, subject to the powers granted to the Managing Partners to transfer the Company's registered office pursuant to the Articles of Association;
  - ▶ the transformation of the Company into a company having another legal form, such as a French joint-stock corporation (*société anonyme*) or a limited liability company (*société à responsabilité limitée*);
  - ▶ the winding-up of the Company;
  - ▶ the merging of the Company;
- ▶ and all other matters on which an Extraordinary General Meeting may validly decide in accordance with the law.

No resolution can be passed by the Extraordinary General Meeting without the unanimous prior consent of the General Partner(s). However, where there are several General Partners, a resolution to transform the Company into a company having another legal form requires the prior agreement of only a majority of the General Partners.

The agreement of the General Partner(s) must be obtained by the Managing Partners, in advance of the Extraordinary General Meeting.

### 2.10.6.4 ATTENDANCE AND REPRESENTATION AT MEETINGS, PROXIES, DOUBLE VOTING RIGHTS (ARTICLE 19 OF THE ARTICLES OF ASSOCIATION)

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 – at 00:00 hours, Paris time, on the second working day preceding the meeting.

Subject to inclusion of the relevant decision by the Managing Partners in the public notice of meeting and the notice of call of meeting sent to shareholders, shareholders may participate in General Meetings by means of video conferencing technology, and vote in these meetings by electronic means of communication. The

Managing Partners shall establish the procedures of attendance and voting after consulting the Supervisory Board. Any technologies used must guarantee the continuous and simultaneous transmission of the deliberations of the meeting, secure communication, authentication of those participating and voting and the integrity of the votes cast.

A shareholder who does not personally attend the meeting may choose one of the three following possibilities:

- ▶ give proxy to any other person of his or her choice; or
- ▶ vote remotely; or
- ▶ send a blank proxy form to the Company without naming a proxy, in accordance with the applicable laws and regulations.

In this last case, the Chairman of the General Meeting casts a vote in favour of the draft resolutions presented or approved by the Managing Partners and a vote against all other draft resolutions. In order to cast their votes differently, shareholders must either vote remotely or choose a proxy holder who agrees to vote as instructed by them.

If a shareholder decides, after a decision of the Managing Partners taken in accordance with the terms of the second paragraph of article 19-3 of the Articles of Association, either to vote remotely, or to give a proxy to a third party, or to send a proxy to the Company without indicating the name of a proxy holder, by sending the corresponding form electronically, the electronic signature must:

- ▶ either take the form of a secure electronic signature as defined by the applicable legislation;
- ▶ or result from the use of a reliable identification procedure guaranteeing the connection between the shareholder and the document to which his or her identity is attached, or from any other identification and/or verification procedure admitted by the applicable legislation.

At each General Meeting, each shareholder has a number of votes equal to the number of shares he or she owns or represents, as evidenced by the share register on the second working day prior to the meeting at 00:00 hours, Paris time. 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. In addition, shareholders entitled to double voting rights on the date on which the Company was transformed into a French partnership limited by shares (*société en commandite par actions* – SCA), retain their double voting rights.

Furthermore, where the Company's share capital is increased by incorporation of reserves, profits or issue premiums, double voting rights are 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 double voting rights. However, transfer of title 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.

## 2.10.7 REQUIREMENTS FOR A CHANGE IN CONTROL OF THE COMPANY

As stated above at the beginning of section 2.1.1, a French partnership limited by shares (*société en commandite par actions* – SCA) has two categories of partner: General Partners and Limited Partners.

As the Company is listed on the stock exchange, it would be possible for a third party to take control of the capital and associated voting rights through a public tender offer. However, it would not be possible to take control over General Partners' meetings, and consequently, no third party could independently amend the Company's Articles of Association in particular.

As any new Managing Partner must be appointed by unanimous decision of the General Partners subject to approval of the Supervisory Board, the person or entity taking control over the capital and associated voting rights would be unable to appoint new Managing Partners.

Therefore, it is impossible to appoint any new Managing Partners or amend the Articles of Association without the consent of the General Partners.

In the event there are no Managing Partners, and up to the end of such period, the General Partners are responsible for the Company's management.

## 2.10.8 DISCLOSURE OF SHAREHOLDINGS EXCEEDING SPECIFIC THRESHOLDS (ARTICLE 9 A OF THE ARTICLES OF ASSOCIATION)

Without prejudice to the provisions of article L. 233-7 of the French Commercial Code, any shareholder holding directly or indirectly, as defined in said article L. 233-7, at least 1% of the voting rights, must, within five days following registration to his or her account of the shares that brought his or her holding to or above such threshold, disclose to the Company the total number of shares and voting rights he or she holds by registered letter with acknowledgement of receipt addressed to the head office. For registered shareholders and intermediaries not living in France, this disclosure may be made by means of a procedure similar to that of sending a registered letter with acknowledgement of receipt in use in his or her country of residence. Such procedure must enable Lagardère SCA to have proof of the date on which the disclosure was sent and received.

This procedure must be repeated as described above every time a threshold of a further 1% is crossed.

In the absence of disclosure according to the conditions described above, all shares in excess of the threshold for which disclosure should have been made may lose their voting rights for any General Meeting that may be held within a two-year period following the date on which the declaration is finally made, at the request of one or more shareholders together 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 a proper declaration has not been made cannot be exercised by the shareholder at fault, nor may he or she delegate such rights to others.

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# 3

## RISK FACTORS AND CONTROL SYSTEM

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

## 3.1 RISK FACTORS

**AFR**

This chapter takes account of the requirements of Regulation (EU) 2017/1129 ("Prospectus 3"), insofar as the Group refers to its Universal Registration Document when issuing securities to the public.

In accordance with these new requirements, the descriptions provided below are limited to risks that are specific and material to the Lagardère group as a whole.

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.

The Covid-19 pandemic represents a specific risk factor and is described in the "Risks associated with the Group's business activity" section. The pandemic also exacerbated the Group's other risk factors, as discussed throughout this chapter.

Risk management procedures are described in section 3.2.8 – Risk management procedures.

### 3.1.1 RISKS ASSOCIATED WITH THE GROUP'S BUSINESS ACTIVITY

#### 3.1.1.1 PANDEMIC (COVID-19)

The Covid-19 epidemic which first emerged in China at the beginning of 2020 and quickly spread across the globe had far-reaching impacts on the Group's business activities, albeit variable from one business to the next.

Like the transport and tourist industry as a whole, Lagardère Travel Retail was particularly hard hit by the slump in global air traffic (down almost 60% worldwide). Over the year as a whole, revenue was approximately 60% lower than in 2019, and the Group reported an operating loss of around €353 million versus operating profit of €152 million in 2019. Business recovery depends on the extent to which the pandemic is under control, the removal of travel and mobility restrictions (such as during quarantine periods), the reopening of airlines and patterns of passenger flows and consumption at airports. The development and roll-out of vaccines across the globe should help spur and potentially accelerate this recovery. In contrast, any events that prolong or worsen the pandemic such as Covid-19 variants (e.g., as found in the United Kingdom), poor organisation and management by local governments (e.g., in the United States and Brazil), and vaccine scepticism among the population (e.g., in France), could postpone any recovery in Lagardère Travel Retail's business, particularly if these events affect the countries in which it operates.

Lagardère Publishing was also affected by the pandemic, but its business model proved extremely resilient, thanks mainly to a solid performance from General Literature. As a result, its revenue for 2020 was down just 0.8% year on year, while its operating profit rose 12% on the 2019 figure. The impact of the pandemic varied depending on the region and the characteristics of the local market. In France, revenue for the division contracted owing to the closure of points of sale in the wake of lockdown measures, only to rebound sharply in June (up 21% year on year) and December (up 45% year on year). In English-speaking countries, where e-books are better established, revenue for 2020 climbed 9.9% in the United Kingdom and 3.9% in the United States. Lagardère Publishing's exposure to any prolongation or worsening of the pandemic appears moderate. In Spain/Latin America and for Partworks, revenue fell by 16.4% and 9.5%, respectively.

The Group's Other Activities, which represented 5% of revenue in 2020, were also hard hit by the Covid-19 pandemic, with revenue down 20.5%.

Besides directly affecting its business activities, Covid-19 indirectly impacted the Group, as described later in this chapter. The associated risks relate to changes in consumer behaviour, the Group's financing and counterparty solvency.

Despite the aforementioned vaccine development, as of the date of this Universal Registration Document, it is too early to precisely

determine how the pandemic will evolve and what its impacts on the Group's businesses will be. The Group will provide up-to-date reports of these impacts in press releases available on [www.lagardere.fr](http://www.lagardere.fr).

In light of the above, the Lagardère group considers this risk to be high overall in terms of its financial impacts on its business activities, with the exception of Lagardère Publishing, for which the risk is moderate.

#### 3.1.1.2 RISKS ASSOCIATED WITH MAJOR CONTRACTS

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 several hundred millions of euros over a number of years.

The profitability of these contracts may prove lower than that expected by Lagardère Travel Retail over the long term, for example if passenger traffic or spend per passenger are lower than forecast at the time the concession was awarded, meaning that the Group is unable to satisfactorily fund the guaranteed minimum amounts due to the concession grantor.

When these concession agreements expire, they are mostly put up for tender by the concession grantor, and there is no guarantee that Lagardère will be awarded the contract again. Several adverse situations may arise, for example the Group may lose the tender to a competitor, or the concession grantor may split the contract into several distinct parts, leading to a reduction in the share of the concession awarded.

The Travel Retail segment represented around 39% of Group revenue in 2020 (compared to 59% in 2019, this decrease resulting from the sharp downturn in the wake of the Covid-19 crisis).

The risks described here also concern, on a smaller scale, certain contracts that Lagardère Publishing has entered into with authors and rights holders, or for the distribution of third-party publishers.

In light of the above, the Lagardère group considers this risk to be high overall and therefore regularly reviews the value of its contracts reported in its financial statements, in accordance with applicable accounting standards.

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

### 3.1.1.3 IMPACT OF CHANGING CONSUMPTION PATTERNS ON THE GROUP'S BUSINESS MODELS

The Group is faced with changes in its customers' consumption habits as digital and mobile technologies develop, and this also has a significant effect on its commercial positions.

New ways of purchasing and distributing books (paper, e-book, audio book), bypassing traditional bookstore networks, have led to a concentration in the book distribution industry. This situation affects the profitability of traditional book sales networks, which could result in the decline of these networks and therefore in lower sales for the Group.

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 7.5% of Group revenue in 2020.

For Lagardère Travel Retail, online products facilitate price comparisons and the emergence of new commercial offerings outside airports. By intensifying competition, this could adversely impact the Duty Free and Travel Essentials businesses, which represented approximately 30% of Group revenue in 2020.

Significant changes in the consumption habits of certain large customer categories, linked to a change in their travel destinations or to a decline in their purchasing power (e.g., adverse exchange rate fluctuations), could lead to a loss of revenue for Lagardère Travel Retail at certain airports.

Lagardère Travel Retail's business more generally is extremely sensitive to all events affecting regional or global air traffic. Its revenue could also be impacted by an economic crisis that affects leisure or business travel. As described above, the Covid-19 pandemic prompted a slump in passenger traffic in 2020. Besides its economic impact on business, Covid-19 may also cause a prolonged reduction

in business travel, as companies develop new ways of remote working and look to cut their overhead expenses.

For the media assets retained by the Group, which represented around 4.6% of consolidated revenue in 2020, digital media exercise strong competitive pressure on print media, impacting both sales and advertising revenue. Across the French market, for example, paid circulation decreased by 1.5% in 2020, while the written press advertising market declined by 24.4% over the first nine months of the year, and the radio business recorded a 12.6% fall. The profitability of media businesses also depends on maintaining a wide audience. The rally in audience numbers for the Europe 1 radio station is important for the Group, since the station's revenues are directly related to its audience figures.

In light of the above, the Lagardère group considers this risk to be high overall.

#### 3.1.1.4 RISKS ASSOCIATED WITH STRATEGY IMPLEMENTATION

The Group's strategy evolved in 2018 to focus on two major business divisions, Lagardère Publishing and Lagardère Travel Retail, while retaining certain media businesses. The Group's planned disposals of its Lagardère Active and Lagardère Sports and Entertainment divisions were completed in 2020.

To meet its strategic goals, the Group also regularly carries out acquisitions and enters into partnerships in its Publishing and Travel Retail businesses. Two major acquisitions were carried out in recent years in Travel Retail: Hojeji Branded Foods (HBF), acquired for USD 330 million in 2018, and International Duty Free (IDF), acquired for €250 million in 2019.

The success of these acquisitions and disposals 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 moderate overall. This risk is lower than in 2019, insofar as the disposal program initially drawn up by the Group has been completed.

## 3.1.2 LEGAL AND REGULATORY RISKS

### 3.1.2.1 RISK OF ADVERSE CHANGES IN REGULATIONS APPLICABLE TO THE GROUP

The Group is bound by strict and complex regulations put in place by various national and international authorities and organisations. Any major change in these laws and regulations could impact Group revenue and/or the profitability of the businesses concerned. This is particularly relevant in the cases described below.

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. In response to this Framework Convention as well as to other measures, stricter regulations are being put in place regarding the sale of tobacco. The introduction of new local regulations aimed at reducing tobacco consumption could lead to a decline in profitability for certain Lagardère Travel Retail concessions.

Some countries have also introduced environmental protection measures (e.g., product recycling) that may affect Lagardère

Travel Retail points of sale by limiting sales of certain products. For example, since August 2019, no water can be sold in plastic bottles at San Francisco airport. These types of measures reflect the public's growing concern for the environment and could become increasingly widespread in the next few years.

The Directive on Copyright in the Digital Single Market adopted in April 2019 by the European Commission aims at providing consumers with greater choice and access to online goods and services. The Directive encourages Member States for example to make compulsory certain exceptions to copyright, especially where the content is for teaching, research (text and data searches, as already envisaged in the French *Loi Lemaire*) or cultural purposes. Although the Directive does not call into question the situation of rights holders like Lagardère Publishing, there is uncertainty about how it will be transposed into French law in the next year. It could weaken the position of rights holders and hence give rise to a decline in profitability at Lagardère Publishing in France.

The Lagardère group considers this risk to be moderate overall.

### 3.1.2.2 RISKS ASSOCIATED WITH LITIGATION IN PROCESS

In the normal course of their business, Lagardère and/or its subsidiaries are involved in a number of disputes. 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 to the 2020 consolidated financial statements.

The main litigation cases involving the Group are presented in note 34 to the 2020 consolidated financial statements (see chapter 5).

To the best of the Group's knowledge, in the 12 months immediately preceding publication of this Universal Registration Document, there were no other governmental, legal or arbitration proceedings (including pending or threatened proceedings, of which the Group is aware) which may have or have had a significant impact on its financial position or profitability.

The Lagardère group considers this risk to be low overall.

## 3.1.3 OPERATIONAL RISKS

### 3.1.3.1 BUSINESS CONTINUITY RISK

One-off events can disrupt the effective operation of the Group's businesses, by making certain production facilities temporarily unavailable. Incidents with the greatest potential impact are those that could result in the prolonged unavailability of Lagardère Publishing and Lagardère Travel Retail warehouses, or of cash tills at a series of stores, or radio studios.

There are many different potential causes of the above. Information systems failure would be the most common cause, as they are critical to the Group's ability to conduct its business and are increasingly exposed to the risk of hacking (see the following risk). Other possible causes of business interruption include fires, flooding (e.g., century-high water levels in Paris), sabotage and terrorist attacks.

Lagardère Travel Retail's business relies on the effective operation of airports, railway stations and other means of transport. Weather-related events, accidents, strikes and more generally, any event that could restrict or even interrupt passenger traffic in the Group's stores, could affect its revenue (as described above in the section on pandemic risk).

In France, the Group is dependent on a partner in its Press Distribution activity. If its partner were to suspend or cease trading, this could have an impact on sales of written press, magazines and partworks, and on the revenue earned by Lagardère Travel Retail's stores selling press titles in France, as seen in 2020 with the liquidation of Presstalis.

In light of the above, and excluding the impacts of the Covid-19 pandemic discussed above, the Lagardère group considers this risk to be moderate.

### 3.1.3.2 RISKS ASSOCIATED WITH BUSINESS ETHICS

The Lagardère group does business in many different countries subject to anti-corruption regulations (e.g., US Foreign Corrupt Practices Act, UK Bribery Act, France's Sapin II law), as well as regulations in terms of international economic sanctions and anticompetitive behaviour.

Failure to comply with these regulations or with the ethical rules of conduct set by the Group could lead to substantial penalties, a deterioration in the Group's image, the conviction of its senior executives, the termination of certain contracts and even a forced exit from certain markets, or a deterioration in the Group's relationships with its banking partners.

Corruption risk is higher for certain businesses, particularly those which involve contracts signed by public officials or calls for tenders. This is notably the case for airport concessions operated by Lagardère Travel Retail.

Compliance with competition law is also an issue in the education sector at Lagardère Publishing. The Group could, for example, be (justly or unjustly) accused of having been awarded a contract due to anticompetitive behaviour (e.g., an alleged cartel). It could also be accused of having entered into a contract restricting competition on its market, potentially leading the scope of the contract to be revised. Several disputes described in note 34 to the consolidated financial statements involve alleged anticompetitive behaviour.

Some businesses are particularly exposed to the threat of international economic sanctions<sup>(1)</sup>, for instance, the supply of Lagardère Travel Retail stores and licensing agreements (especially for the Elle brand).

The Group considers these risks when conducting its business and has rolled out Compliance programmes as described in section 3.2.6.6 of this chapter.

However, 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 its best efforts, the Group cannot rule out the possibility of facing proven or unproven allegations that it has failed to comply with ethical rules of conduct, and this could have a negative impact on its reputation, growth outlook and financial performance.

In light of the above, the Lagardère group considers this risk to be moderate.

### 3.1.3.3 RISK ASSOCIATED WITH PRODUCTS DISTRIBUTED

Within the scope of the Foodservice business line of Lagardère Travel Retail, the Group could be faced with an incident involving the quality of its food products. In such a situation, it could be declared liable, which would impact its reputation with concession grantors and the brands concerned. This risk is set to grow as Lagardère Travel Retail develops its business in this sector, for example, with the acquisition of Hojeji Branded Foods in the United States in 2018. The Foodservice business generated around 8% of total Group revenue in 2020.

To a lesser extent, this risk also covers physical products delivered with books and partworks sold by Lagardère Publishing subsidiaries (accessories, games, etc.), where failure to comply with applicable standards and regulations may cause harm to consumers and to the image of Lagardère Publishing.

In light of the above, the Lagardère group considers this risk to be moderate.

(1) Governments and/or international bodies (e.g., the UN) can adopt restrictive financial or commercial measures against individuals or legal entities. These measures take the form of bans or restrictions on the trade of specific goods, technologies or services with certain countries, frozen funds and financial resources, and sometimes restricted access to financial services.

### 3.1.3.4 RISKS ASSOCIATED WITH DATA SECURITY

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 increasingly complex, computer hacking more prevalent and regulatory requirements weigh more heavily on the Group, in particular, the General Data Protection Regulation (GDPR) which entered into force on 25 May 2018.

In light of the above, the Lagardère group considers this risk to be moderate.

## 3.1.4 FINANCIAL RISKS

The Covid-19 pandemic had a significant impact on the Group's liquidity requirements and on the financing arrangements for its business activities. As discussed above, the pandemic severely impacted the Group's business, automatically reducing its cash inflows. The Group's operations consumed €256 million of free cash flow in 2020, whereas they generated €294 million of free cash flow in 2019. Consolidated net debt increased by €272 million to €1,733 million at 31 December 2020. At the same time, certain short-term funding markets commonly used by the Group reduced their scale and restricted access to credit (e.g., commercial paper). It should be noted that the Group is not rated by a financial ratings agency. The Group's challenge going forward is to secure its sources of financing over the long term in the pandemic environment. Despite all of the measures taken as described in section 3.2.8.3.A, significant uncertainties remain as to the duration of the pandemic. Accordingly, the Group considers this risk to be high.

Besides liquidity risk, financial risks facing the Lagardère group arise from the usual conduct of its business. The Group does not engage in speculative trading:

- ▶ 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 moderate;

- ▶ interest rate risk arises on the Group's position as a net borrower with regard to banks and the market. In the context of the pandemic, banks introduced stricter lending conditions in terms of margins applied: interest rate risk is considered to be a moderate risk;
- ▶ foreign exchange risk arising on commercial transactions is limited, since the Group's activities are generally carried out locally; accordingly, foreign exchange risk is considered a low risk;
- ▶ a portion of the Group's equity (around one-third) is denominated in pounds sterling owing to the historic earnings derived from its businesses in the United Kingdom. This gives rise to an asset value foreign exchange risk against the euro. This is considered a low risk;
- ▶ market risks arise on the Group holding treasury shares and pension plan assets invested in equities – albeit for a limited amount. This is considered a low risk.

All of the aforementioned risks are described in further detail in note 29, chapter 5 of the Universal Registration Document.

## 3.2 DESCRIPTION OF INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES

**AFR**

### 3.2.1 CONTROL ENVIRONMENT

#### 3.2.1.1 GENERAL ORGANISATION OF THE GROUP

In the Lagardère group's 2020 financial statements, 521 companies are fully consolidated and 30 companies are accounted for by the equity method (the full list of consolidated companies can be found in the notes to the consolidated financial statements).

The Group's strategy evolved in 2018 to refocus on two major business divisions, Lagardère Publishing and Lagardère Travel Retail.

In 2020, the Group completed the process begun in 2018 of divesting the assets making up Lagardère Active (excluding the Lagardère News unit) and Lagardère Sports and Entertainment (excluding Lagardère Live Entertainment and Lagardère Paris Racing).

Lagardère SCA is the holding company that controls all of the Group's subsidiaries and investments, draws up its strategy, guides and finances its development, makes the main management decisions to this end, and ensures those decisions are implemented both at the level of the Group's parent company and of its divisions.

#### 3.2.1.2 THE GROUP'S MANAGEMENT BODIES

##### 3.2.1.2.1 THE MANAGING PARTNERS

The General Management of the Company is the responsibility of the Managing Partners, who are appointed by the General Partners with the approval of the Supervisory Board. Each executive corporate officer represents the Company in its relations with third parties and engages its responsibility. The Managing Partners are responsible for:

- ▶ determining the Group's strategy;
- ▶ guiding development and control;
- ▶ taking the major management decisions required for this and ensuring those decisions are implemented both at the level of the parent company and in the various divisions.

Lagardère Management employs the executive corporate officers under the conditions set out in sections 2.4 and 2.8.1 of this Universal Registration Document.

##### 3.2.1.2.2 EXECUTIVE COMMITTEE, MANAGEMENT BOARD AND ENLARGED COMMITTEE

The role of the Management Board and the Enlarged Committee is to assist the Managing Partners in performing their duties. The roles and members of the Management Board are listed in section 2.7.

##### 3.2.1.2.3 GOVERNING, MANAGING AND SUPERVISORY BODIES OF THE DIVISIONS

As at 31 December 2020, operating activities are conducted by legally independent companies grouped together in the following business divisions: Lagardère Publishing and Lagardère Travel Retail. Following its strategic refocusing, the Group also retained certain activities of the Lagardère Active division (Europe 1, *Paris Match*, *Le Journal du Dimanche*, Virgin Radio and RFM, grouped within Lagardère News) and the Lagardère Sports and Entertainment division (Lagardère Paris Racing and Lagardère Live Entertainment).

Each division has its own organisation, which has been set up by its senior executive under the Managing Partner's control. The various

companies and resources in each division are functionally grouped together under a specific holding company.

Each division senior executive is responsible for the general management of the holding company.

All the members of these holding companies' governance, management and supervisory bodies are appointed by Lagardère SCA through its subsidiary Lagardère Media.

The division's senior executives and their subsidiaries exercise their responsibilities under the control of their governance or supervisory bodies. The Group appoints the majority of members of the governance and supervisory bodies.

#### 3.2.1.3 INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK, RESPONSIBILITIES, OBJECTIVES AND SCOPE

##### 3.2.1.3.1 INTERNAL CONTROL AND RISK MANAGEMENT FRAMEWORK AND ACTIVITIES

The Group applies the Risk Management and Internal Control System – Reference Framework recommended by the French financial markets authority (*Autorité des marchés financiers* – AMF) to oversee its internal control and risk management systems.

The description below takes up the various points for attention outlined in the Reference Framework and the associated implementation guidelines.

##### 3.2.1.3.2 OBJECTIVES AND LIMITATIONS OF THE INTERNAL CONTROL SYSTEM

Lagardère SCA has introduced a certain number of internal control procedures within the Group designed to ensure:

- ▶ compliance with applicable laws and regulations;
- ▶ application of the instructions and orientations defined by the Managing Partners;
- ▶ proper operation of the Group's internal processes, particularly regarding safeguarding its assets;
- ▶ reliability of financial information;

and in general to contribute to the control of its businesses, efficiency of operations and efficient use of resources.

Naturally, the effectiveness of the internal control procedures is subject to the limitations inherent to any organisational system.

##### 3.2.1.3.3 SCOPE OF THE INTERNAL CONTROL SYSTEM

The procedures described below apply to subsidiaries that are fully consolidated in the Lagardère group's financial statements.

Equity-accounted companies over which Lagardère SCA 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.

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

Companies that have recently entered the scope of the Lagardère SCA internal control system must progressively adapt

their own internal control procedures for harmonisation with the Group's system.

## 3.2.2 DEFINITION OF RESPONSIBILITIES AND POWERS

The role of the Group's main strategic management bodies is described in section 3.2.1. In order to fulfil their responsibilities, the Managing Partners rely on various committees and the Group's Corporate Departments.

### 3.2.2.1 MAIN MANAGEMENT COMMITTEES AND MONITORING ACTIVITY

#### 3.2.2.1.1 FINANCIAL COMMITTEE

The Financial Committee is chaired by the Group's Chief Financial Officer, and includes representatives from the Group's Corporate Departments concerned by the topics discussed in order to bring to bear all the requisite skills to accomplish its mission.

Its principal task is to examine and monitor, in cooperation with the main managers of each division concerned, any significant investments (or disposals) and commitments made, e.g., through the acquisition of shareholdings in non-Group companies.

#### 3.2.2.1.2 OTHER COMMITTEES

Monthly business reviews are conducted for each division to monitor activity. The General and Managing Partner, the Group's Chief Financial Officer, as well as the senior executive and Chief Financial Officer of the division concerned, generally take part in these reviews.

The Budget Committee reviews and monitors on an annual basis the budget for the coming year and the three-year plan. It includes the General and Managing Partner, the Group Chief Financial Officer, as well as the senior executive and Chief Financial Officer of the division concerned.

The Reporting Committee, chaired by the Group's Chief Financial Officer, conducts a monthly review with all the divisions' finance managers of the results achieved against the budget and the new budgetary forecasts, to enable the Managing Partners to monitor the progress and financial position of each division and take any necessary corrective action.

Each month the Cash Flow Reporting Committee, chaired by the Group's Chief Financial Officer, examines a detailed analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 29 to the consolidated financial statements, presented in chapter 5 of this Universal Registration Document.

Lastly, the Counterparty Risks Committee, chaired by the Group's Chief Financial Officer, regularly analyses these risks, as described in note 29 presented in chapter 5 of this Universal Registration Document.

### 3.2.2.2 GROUP CORPORATE DEPARTMENTS

The Managing Partners are supported by the Group's Corporate Departments in implementing, monitoring and following up their decisions. The Group's Corporate Departments had the following missions in 2020:

- ▶ providing expert technical support to the Managing Partners and to the Management Board within the scope of their strategic management of the Group;
- ▶ establishing standards and recommending best practices for the entire Group to strengthen control of its operations;
- ▶ organising reporting for the purposes of the Group's financial management and the monitoring of the divisions' operations;
- ▶ ensuring that the Group complies with its regulatory requirements;
- ▶ making divisions aware of certain regulatory issues and offering them relevant technical and methodological support;
- ▶ offering the divisions support regarding technical issues or special operations.

At the end of 2018, the Managing Partners launched a plan to reorganise the Group's Corporate Departments as part of Lagardère's strategic refocusing and in view of fast-paced changes in their environment.

This reorganisation plan was rolled out in 2020, refocusing the Corporate Departments' work on the specific activities of Lagardère SCA as a listed holding company, while reinforcing their supervisory role as regards financial issues, risk management, and corporate social responsibility for the Group as a whole.

Most of the Group's Corporate Departments, their teams and material resources are grouped together within Lagardère Ressources, a wholly-owned subsidiary of Lagardère SCA chaired by the Group General Counsel.

In 2020, the reorganisation of these departments led to a reduction of approximately 30% in Lagardère Ressources staff numbers under a phased employment protection plan.

Depending on their functional responsibilities, the Corporate Departments report to the Secretary General (Co-Managing Partner), Chief Human Relations, Communications and Sustainable Development Officer (Co-Managing Partner), or to the Chief Financial Officer, all three of whom are members of the Executive Committee and of the Management Board. The Internal Audit Department reports directly to Arnaud Lagardère in his capacity as General and Managing Partner.

Some of the Corporate Departments are more specifically involved in the implementation of internal control and risk management within the Group, notably the following: the Internal Audit Department, the Governance Department, the Legal Department, the Finance Department, the Group Cybersecurity Department, the Risk, Compliance and Internal Control Department, the CSR Department, the Group Corporate Communications Department and the Group Human Relations Department.



### 3.2.3 HUMAN CAPITAL POLICY AND SKILLS MANAGEMENT

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

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

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

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

#### ► Preparation of succession plans

Each succession plan is 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.

Given the characteristics specific to the French partnership Lagardère SCA, succession planning comes under the responsibility of different management bodies, depending on the executives concerned:

- plans concerning the Managing Partners are drawn up by the General Partners, Arnaud Lagardère and Arjil Commandité-Arco, which, by virtue of the Articles of Association, are exclusively responsible for nominating and ensuring the duties of executive corporate officers in the interim should a vacancy occur;
- succession plans for members of the Management Board are drawn up by the Managing Partners;

- succession plans for divisional top management and key roles within the Group's Corporate Departments are drawn up by the Management Board;
- lastly, as part of the talent management policy in place within the Group for the past few years, development plans for employees identified as high potential are prepared and implemented under the aegis of the Group Chief Human Relations, Communications and Sustainable Development Officer, who is also a Co-Managing Partner.

In the context of their work, the Management Board and the Executive Committee ensure that these plans are coherent, that the recommendations formulated are pertinent, and that the preparatory measures put in place are appropriate.

Similar processes are put in place in the divisions to prepare succession plans for key positions.

#### ► Review of succession plans

Reviews of succession plans fall within the remit of the Supervisory Board, assisted as appropriate by the Appointments, Remuneration and CSR Committee.

In this respect, periodic reviews of succession plans are carried out by a special working group comprising members of the Supervisory Board. The due diligence procedures performed and the resulting conclusions are presented to the Appointments, Remuneration and CSR Committee, which subsequently reports on the matter to the Supervisory Board.

In the context of these reviews, the working group, Executive Committee and Supervisory Board ensure that succession plans are effectively implemented and regularly updated, that they are coherent with Group and market practices, that the recommendations formulated are pertinent, and that the preparatory measures put in place are appropriate.

The succession plans were assessed in 2019 and reviews will take place every two years going forward.

Lastly, in accordance with governance best practice, the Managing Partners adopted a diversity policy for the Group with specific emphasis on its executive management bodies. The aims and terms under which this policy has been implemented are described in detail in section 3.2.4 of this Universal Registration Document.

### 3.2.4 APPLICABLE LAWS AND STANDARDS

The Group's business is governed by specific laws and regulations, as set out in section 1.5 of this Universal Registration Document.

As explained in section 4.2.2 – CSR players and governance, the Lagardère group endeavours to respect a certain number of rules established by national and international bodies regarding business enterprises.

The Lagardère group has drawn up a number of charters, codes and policies to supplement national and international regulations, in order to provide a framework for its activities and the conduct of its employees and partners.

The basis for producing non-financial information to be included in the Non-financial statement is described within the non-financial reporting procedures.

The Responsible Supplier Charter seeks to involve all of the Group's external partners in respecting the Group's values and commitments.

The Lagardère group Code of Ethics, updated in 2020, sets out a collection of guidelines at Group level, directly transcribing Lagardère's values and providing a set of shared ethical standards for all Lagardère employees.

The Confidentiality and Market Ethics Charter Applicable to Lagardère Group Associates, in addition to the provisions of the Lagardère group Code of Conduct on confidentiality and securities transactions, defines the rules under which Group employees may trade in the Lagardère share, and implements preventative measures to limit situations that could give rise to insider misconduct.

The Information System Security Policy sets out the practices to be complied with and the resources to be implemented to protect information systems throughout the Group.

The Commitment Procedure defines certain best practices and sets out the process and criteria for validating projects involving significant investments, disposals and commitments within the Lagardère group.



The General Financing Policy of the Lagardère Group and Subsidiaries organises the financing of transactions and Group entities.

The Anti-Corruption Policy is an integral part of the compliance and anti-corruption programme.

The International Economic Sanctions Policy is an integral part of the compliance programme for matters relating to economic sanctions. A set of policies provides a framework for managing personal data processing.

Lastly, the Group is rolling out a policy to improve the prevention, detection and processing of cases of fraud.

The Group generally adapts its procedures or develops new ones in accordance with legislative or regulatory requirements which set out the framework for new obligations applicable to French companies. Where necessary, these various charters and principles can be adapted to the specificities of the Group's divisions. Internal and external principles specific to the Group's businesses are also applied.

The self-assessment internal control questionnaire described in section 3.2.10.2 provides the entire Group with a set of key points on the various components of internal control.

The production of financial and accounting information is also governed by standards and guidelines.

These standards and guidelines define the common principles for preparing the consolidated financial statements and monitoring budgets to forecasts, and must be applied by all persons involved in 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. User and operator guides for the management system used throughout the Group are available and provide details of the corresponding tasks.

Other key documents are provided to all concerned by the preparation of the consolidated financial statements, mainly supporting changes in accounting standards or in the application of accounting standards. In 2019, a new tool was set up to measure right-of-use assets and lease liabilities, which must now be reported in the consolidated financial statements under the new accounting standard on leases (IFRS 16). Information input into this tool is then used to populate the consolidation software. Data on right-of-use assets and lease liabilities was previously compiled and included in off-balance sheet commitments.

The divisions prepare their own equivalent documentation for their specific systems, in keeping with the Group's principles.

## 3.2.5 INFORMATION SYSTEMS

The Group's information systems comprise:

- ▶ communication systems such as messaging and collaborative software (intranet);
- ▶ business monitoring systems, particularly financial and accounting systems;
- ▶ audiovisual production systems such as broadcasting and antenna systems in radio activities, systems for editorial chains in magazine publishing, and tools for creation and storage of digital content as well as dedicated tools for websites.

The divisions are responsible for managing their own information systems.

However, there are also Group-wide applications, such as the consolidation system presented below in section 3.2.6.9 – Financial reporting, which are supervised by the Corporate IT Department.

The Group Cybersecurity Department, in liaison with the Risk, Compliance and Internal Control Department, oversees the management of IT risks in light of objectives regarding reliability and continuity of operations, legal and regulatory compliance, and data confidentiality.

### 3.2.5.1 CONSOLIDATION SYSTEM FOR CONSOLIDATED FINANCIAL AND ACCOUNTING INFORMATION

As explained below in section 3.2.6.9 – Financial reporting, the overall financial reporting cycle for management and accounting data is based on common principles and on a single database (the consolidation system) shared by all teams in the finance departments within the Group Corporate Department and divisional Corporate Departments.

### 3.2.5.2 RELIABILITY OF DATA ENTRY

The consolidation system used to produce consolidated management data and accounting data to be published is interfaced with the various accounting programmes used by the consolidated entities. The 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.

## 3.2.6 PROCEDURES, METHODS, TOOLS AND PRACTICES

### 3.2.6.1 COMMITMENTS, INVESTMENTS AND DIVESTMENTS

The Group's commitment procedure applies to:

- ▶ financial investments and divestments;
- ▶ acquisitions and disposals of significant property, plant and equipment or intangible assets;
- ▶ significant financial commitments (particularly off-balance sheet commitments and contractual obligations);
- ▶ guarantees issued;
- ▶ all financing operations (loans or advances to third parties).

Limits may be set based on the type of operation. Planned acquisitions and disposals are reviewed by the Financial Committee, which is chaired by the Group's Chief Financial Officer. The Financial Committee issues an opinion by any appropriate means to the Managing Partners, after assessing a summary of 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.

### 3.2.6.2 FINANCE AND CASH MANAGEMENT

The Group Funding, Treasury and Investor Relations Department has a policy to define the circumstances in which it uses banks for external financing or cash management services.

#### 3.2.6.2.A EXTERNAL FINANCING

As a general rule, only Lagardère SCA uses medium- or long-term bank or market financing, and finances the divisions itself. Apart from the financing of normal business operations, the divisions retain responsibility for some previously-negotiated transactions, or specific operations such as securitisation; however, these operations require advance authorisation and are reported to the Group's Finance Department on a regular basis.

#### 3.2.6.2.B CASH MANAGEMENT

Cash investments must be in fixed-income instruments issued by high-quality entities, with maturities appropriate to the planned duration of the investment. Speculative or high-risk investments are not permitted.

#### 3.2.6.2.C HEDGING POLICY AND MARKET RISK MONITORING

The hedging policy and market risk monitoring is described in note 29 to the consolidated financial statements presented in chapter 5 of this Universal Registration Document.

The Group's Finance Department and the divisions' finance managers regularly adjust the hedging policy and the corresponding control system in light of the resulting priorities.

### 3.2.6.3 PURCHASING, SALES AND SALES ADMINISTRATION

The practices and procedures for purchasing and sales are defined by the Group's divisions under their responsibility, in compliance with the Group's shared principles, particularly regarding the segregation of duties.

### 3.2.6.4 REAL ESTATE AND GENERAL SERVICES

The practices and procedures relating to real estate and general services are defined by the Group's divisions under their responsibility, in compliance with the Group's shared principles, particularly regarding the segregation of duties.

The Head of the Group Real Estate and General Services Department reports to the Group Secretary General, and is chiefly responsible for:

- ▶ providing expert technical support to the Managing Partners to assist them with their strategic management of the Group;
- ▶ offering the divisions support regarding technical issues or special operations;
- ▶ raising awareness of best practices in "Other Activities" divisions and businesses, and offering them relevant technical and methodological support.

### 3.2.6.5 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

#### 3.2.6.5.A COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLICABLE TO LAGARDÈRE SCA

The Governance and Legal Departments, which report to the Group Secretary General, are responsible for ensuring compliance with the laws and regulations applicable to Lagardère SCA.

The Governance Department is involved in all legal aspects of the business of Lagardère SCA and the companies at the head of each business division, as well as the non-divisional businesses. In this capacity, it monitors the application of stock exchange regulations, as Lagardère SCA is listed on Euronext Paris Compartment A. This includes keeping various internal procedures on market abuse up to date to ensure that they are in line with French and European legislation in this area.

In particular, the Legal Department examines mergers and acquisitions (partnerships, acquisitions, disposals, internal restructurings, etc.) that are significant for Lagardère SCA, and supervises Lagardère SCA's financing operations and off-balance sheet commitments.

The Legal Department also ensures that any regulations that may concern Lagardère SCA and its various divisions (competition law, etc.) are properly applied.

#### 3.2.6.5.B COMPLIANCE WITH THE MAIN LAWS AND REGULATIONS APPLICABLE TO THE DIVISIONS

The Group Legal Department is informed of all procedures introduced in each division to ensure compliance with the laws and regulations specific to their activity, and these procedures are regularly monitored by these divisions' management bodies via their legal departments or external advisors.

### 3.2.6.6 BUSINESS ETHICS

The Lagardère group attaches the utmost importance to maintaining business ethics in all its activities and regions.

In the Risk, Compliance and Internal Control Department, the Group has a Compliance function tasked with designing Group-wide programmes common to all business activities and aimed at identifying, preventing and handling certain business ethics-related risks.

Designed to support the operating teams in their daily activities, these programmes are supervised at Group level and implemented on the ground by each division's Compliance Department through the international Compliance Correspondent network. The network is made up of experienced and recognised professionals, mainly drawn from support functions such as legal, human resources and finance. Each Compliance Correspondent covers a geographic area and one or more businesses for which he or she serves as the point of reference. The composition of the network changes according to businesses and international developments.

The Group is continually improving its programmes, training its employees and applying the procedures aimed at preventing and handling the potential risks associated with its international presence and the diversity of its operations.

In the course of 2020, the Group Compliance Department worked closely with the divisions to pursue its activities in the following areas:

- ▶ **Anti-corruption:** the Group applies a zero tolerance policy in respect of corruption. It prohibits any form of corruption, active or passive, regardless of whether the contact person is a public or private individual.

The anti-corruption programme is an all-encompassing system that incorporates the standards in this area, as reflected by international regulations (OECD's 1977 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, European anti-corruption conventions, the United Nations Convention against Corruption, the 2003 African Union Convention on Preventing and Combating Corruption, etc.) as well as national legislation (updated version of the 1977 US Foreign Corrupt Practices Act, the 2010 UK Bribery Act and the 2016 French Sapin II law). The Group also endeavours to comply with the regulations in force in the countries in which it operates.

The Group's Anti-corruption Policy and specific procedures are accessible to employees via the Group's intranet. In addition, training sessions and awareness actions are organised at all levels for employees most exposed to such risks.

Among the procedures in force, those related to contracts with third parties provide for checks on potential partners prior to contractualising the relationship.

In 2020, the Group made an ethics whistleblowing line available on its website.

- ▶ **Compliance with international economic sanctions:** operating 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.

Training sessions in this area were organised as well in order to raise awareness among the employees most exposed to these risks.

- ▶ **Personal data protection:** amid the introduction of the General Data Protection Regulation (GDPR) on 25 May 2018, the Group designed a Compliance Pack on personal data for all its employees. This tool outlines the challenges of each phase in the personal data life cycle, the main rules and good habits to develop.

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.

### 3.2.6.7 PROTECTION OF BRANDS AND INTELLECTUAL PROPERTY RIGHTS

The Group's divisions own a large number of very well-known brands, which they directly manage and protect.

As the Lagardère and Hachette brands are used through the Group's activities, and due to the resulting exposure, Lagardère SCA is careful about protecting them. This is the responsibility of the Governance Department, which regularly extends international protection to cover areas where the Group is currently developing or expanding. Accordingly, protection for the Lagardère and Hachette brands is established in all the continents.

Furthermore, Lagardère SCA implemented brand licensing agreements for use by the divisions in the ordinary course of their operations.

### 3.2.6.8 SECURITY OF INFORMATION SYSTEMS

The Group's Cybersecurity Department updates and distributes an information system security policy within the Group proposing guidelines, practices and resources to be implemented within each entity to protect the information systems and data they contain. The operating entities are responsible for rolling out this policy locally.

The Group's Cybersecurity Department makes tools available to Group entities to assist with strengthening the protection of their information systems and data.

### 3.2.6.9 REPORTING SYSTEM: FREQUENCY AND TIMING

#### 3.2.6.9.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 financial information collected and consolidated using the Lagardère group's reporting system must comply with legal requirements and satisfy the Group's own control and management needs. This information includes an income statement by activity and by function as well as management indicators specific to each business type.

The overall reporting cycle is based on common principles and uses a database and consolidation system that are shared by all teams in the finance departments in charge of financial data reporting, whether it is for management reporting or intended for publication.

This unified organisation of the cycle relies on the finance departments of each division, and the Group Finance Department. Under the supervision of the latter, the reporting system is designed to meet management control needs and also to guarantee the relevance and quality of the financial information published, thus fostering greater coherence between the various reporting systems, the business activities covered and the consolidation methods used.

#### 3.2.6.9.B PREPARATION OF BUDGETS

During the final quarter of the calendar year, the Group's divisions establish their three-year budgets, which are submitted to the Managing Partners for discussion.

These data are integrated into the consolidation systems referred to above, and used in preparing the Group's annual budget and three-year plan.

#### 3.2.6.9.C MONTHLY GROUP REPORTS, INTERNAL REPORTING

Each Group company's finance department enters data from its own monthly accounts into the Group's financial database.

For each entity, these data include a balance sheet, an income statement and a statement of cash flows with notes, and the principal key indicators from the income statement.

Careful attention is paid to regular updates to forecast figures such as year-end estimates.

These data are included in a Monthly Group Report established by the Management Control Department and submitted to the Managing Partners and Group's principal executives.

This management report is presented to the Group's Chief Financial Officer before issuance.

In addition, each month as part of the "Cash Flow Reporting Committee", the Group Finance Department prepares a detailed analysis of cash flows and balances for each division, and a breakdown of the bank covenants described in note 29 to the consolidated financial statements (see chapter 5). Through its Counterparty Risks Committee, the Group Finance Department also produces regular analyses of the counterparty risks described in note 29 (see Chapter 5).

### 3.2.6.9.D INTERIM AND ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

Additional information is supplied for the preparation of the interim and annual consolidated financial statements for publication.

Chapter 5 of this Universal Registration Document contains a description of the principles and methods used in preparing the consolidated financial statements. For certain types of information, such as discount rates used in impairment tests, off-balance sheet commitments and the measurement of derivatives, procedures are set out in memos applicable to all Group companies.

### 3.2.6.9.E RELATIONS WITH THE STATUTORY AUDITORS

Each year, the Managing Partners receive assurance from the Statutory Auditors that they have had access to all of the information necessary for their engagement and that their work has progressed

sufficiently at the year-end to allow them to make any significant remarks.

## 3.2.6.10 NON-FINANCIAL INFORMATION

In line with applicable regulations, the Lagardère group publishes labour, environmental and social information in its non-financial statement. The CSR Department coordinates and supervises the CSR data compilation process across the Group's entire business. Non-financial information is reported annually in line with a specific approach (the non-financial reporting procedures) using a dedicated software package which covers all of the Group's consolidated entities.

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.

Environmental reporting follows the Group's sustainable development policy, also taking the specific needs of each business line and/or geographic area into account.

Societal data reporting, 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.

All reported non-financial information is subject to consistency checks performed by the CSR Department. In accordance with applicable regulations, the fairness of the information provided is verified by an independent third party. This independent third party is one of the Lagardère group's Statutory Auditors.

Details are provided in chapter 4.5 of this Universal Registration Document.

## 3.2.7 INFORMATION AND COMMUNICATION

The persons concerned by decisions of the Managing Partners 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](http://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 everyone according to their needs, both in the Corporate Departments and the divisions.

## 3.2.8 RISK MANAGEMENT PROCEDURES

Like all companies, Lagardère is exposed to a variety of risks in the course of its business activities. The principal exposures identified are described in section 3.1 – Risk factors of this Universal Registration Document. Risks are managed by the business divisions as well as at central level, where summary reports are prepared.

### 3.2.8.1 ORGANISATION OF RISK MANAGEMENT

#### 3.2.8.1.A 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 the Managing Partners.

These procedures help both to manage the risks inherent to the Group's business and to reduce undesirable additional risks.

However, given the limitations inherent to addressing contingencies, these procedures cannot guarantee that all the risks the Group may encounter in the future have been correctly analysed or even identified.

#### 3.2.8.1.B ORGANISATION AND DEFINITION OF RESPONSIBILITIES

In compliance with the Group's general organisational structure, the operational and functional managers remain in charge of the risks related to their respective fields of activity.

General Management at headquarters focuses particularly on monitoring risks that can only be assessed at Group level or that

are considered significant at Group level due to their individual or cumulative scale.

As a rule, risk management is an integral part of the Group's management procedures.

However, certain specific procedures are dedicated, for example, to risk mapping or setting up insurance coverage.

The Corporate Departments play a support, monitoring and coordination role in this respect.

Within the Secretary General's office, 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 preparing a report summarising the Group's risks. In addition, the Group takes internal measures to strengthen the risk control culture through information-sharing and awareness-raising, and to reinforce the specific visibility of certain emerging risks and the capacity to cope with potential crises.

### 3.2.8.2 RISK IDENTIFICATION AND ANALYSIS PROCESS

A certain number of the Group's procedures contribute to risk identification, particularly:

- ▶ the commitment procedure, which includes a section specifically dedicated to risks, and more generally pre-acquisition or pre-sale audits;
- ▶ internal audits;
- ▶ surveys to assess the security of the IT systems and networks;
- ▶ review and regular renegotiation of insurance programmes;
- ▶ reporting activities described in section 3.2.6.9 – Financial reporting, particularly impairment tests and monitoring of off-balance sheet commitments;
- ▶ legal reporting, as described in section 3.2.9.2.B – Monitoring legal affairs;
- ▶ risk intelligence activities by the various Corporate Departments and divisions;
- ▶ thematic reviews conducted as and when necessary.

Lagardère SCA and its divisions regularly undertake general risk mapping exercises in order to rank the main risks to which the Group could consider itself exposed.

The factors taken into account for risk analysis include: potential severity, likelihood of occurrence, possible scenarios, internal and external limiting or aggravating factors, current and proposed control measures.

These items are subject to formal reporting procedures, the results of which are presented each year to the Managing Partners and to the Audit Committee.

### 3.2.8.3 MANAGEMENT PROCEDURES FOR THE PRINCIPAL RISKS

#### 3.2.8.3.A RISKS ASSOCIATED WITH THE GROUP'S BUSINESS ACTIVITY

In the unprecedented context of the Covid-19 pandemic, the Managing Partners and Supervisory Board, with the support of all the Group's employees, rapidly implemented a comprehensive action plan to address the crisis and minimise its impacts, including:

- ▶ protecting the health of employees, customers and partners;

- ▶ cancelling in 2020 the dividend in respect of 2019, at the initiative of Arnaud Lagardère and unanimously approved by the Supervisory Board;
- ▶ waiving 20% of the fixed remuneration of Executive Committee members, at their initiative at the peak of the crisis;
- ▶ creating a Covid-19 Solidarity Fund to finance the Group's initiatives in support of its employees and partners worldwide. The fund is endowed with (i) €5 million deducted from the cash initially set aside to pay the 2019 dividend, and (ii) the full amount of waived Executive Committee remuneration;
- ▶ optimising sales and prices when possible;
- ▶ systematically reducing costs across its business activities to limit the impact of the decrease in revenue on operating profit;
- ▶ reviewing capex and optimising working capital to preserve cash;
- ▶ increasing its use of cash pooling.

The Group has also benefited from exceptional financing arrangements:

- ▶ up to €800 million was made available in 2020 under its €1,250 million syndicated credit line (due in May 2022), and covenants (leverage ratio) were suspended for June and December 2020. The credit facility was increased to €1,100 million at the end of 2020;
- ▶ an agreement was signed at the end of 2020 (effective from January 2021) to extend the maturity of this credit facility to March 2023 in an amount of €1,000 million; the related financial covenants were also redefined over this period to take account of the impacts of the health crisis on all of the Lagardère group's businesses (see note 29 providing details of the new covenants);
- ▶ a state-backed loan for €465 million was arranged in December 2020 (effective January 2021) for an initial period of one year, with an extension option for up to five additional years.

In parallel, the Group also improved its financial reporting in order to closely monitor the impacts of Covid-19 (frequent sales reviews by Lagardère Travel Retail, etc.) and its divisions took decisive measures to reduce overheads, adjust investment spending, etc.

Management of the other risks associated with the Group's business activity described in section 3.1.1 of this Universal Registration Document is an integral part of the Group's strategic decision-making process.

Among other duties, General Management of each division is responsible for monitoring risks related to the contracts with high unit value, economic risks specific to their businesses, and risks relating to changes in consumer behaviour, technological developments and market players.

In addition, as part of the management of risks related to contracts with a high unit value, the Group carries out a regular review of major contracts in order to monitor any developments and the contracts' profitability prospects.

The Group has a strategic plan for each division, primarily covering the risks referred to above. Its presence in different sectors and on various continents also helps to mitigate risks associated with its business activity.

Specifically in terms of implementing the Group's strategy of refocusing on two major businesses, the divestment process is managed by the Group Corporate Department and investments are subject to the commitment procedure outlined above.

### 3.2.8.3.B LEGAL RISKS

#### B.1 Risk of adverse changes in regulations applicable to the Group

The Lagardère group strives to defend its interests by participating in professional associations which provide industry feedback to the competent national or international authorities when preparing and supervising regulations affecting the Group's businesses. For example, Lagardère Publishing is an active member of the French national publishing union (SNE), which helped defend the interests of the publishing industry at the time the EU Directive on Copyright in the Digital Single Market was being drafted.

#### B.2 Risks associated with litigation in process

The Governance and Legal Department manages all litigation involving Lagardère SCA and oversees that of the divisions when the potential consequences in financial or image terms are considered significant for the Group. All other division-level litigation is handled by the legal department of the division concerned.

The main litigation cases involving the Group are presented in note 34 to the 2020 consolidated financial statements (see chapter 5).

To the best of the Group's knowledge, in the 12 months immediately preceding publication of this Universal Registration Document, there were no other governmental, legal or arbitration proceedings (including pending or threatened proceedings, of which the Group is aware) which may have or have had a significant impact on its financial position or profitability.

### 3.2.8.3.C OPERATIONAL RISKS

#### C.1 Business continuity risk

This risk is covered by specific measures for the different scenarios envisaged, including operating contingency plans allowing non-optimal modes of operation, crisis communication procedures, and insurance policies to mitigate the associated financial impacts.

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.

#### C.2 Risks associated with business ethics

The measures taken by the Group to mitigate these risks are described in section 3.2.6.6 below.

#### C.3 Risk associated with products distributed

The Lagardère Travel Retail division is implementing a series of measures to ensure compliance with the regulations and professional standards that apply in the countries where its Foodservice business operates. These measures are subject to centralised supervision by the Foodservice business line and are supplemented by regular external audits organised at the points of sale.

Similarly, the Lagardère Publishing division ensures that the products it distributes comply with applicable local standards by entering into agreements with its suppliers, raising employee awareness, and through internal audit reviews.

#### C.4 Risks associated with data security

As mentioned in section 3.2.6.8, the Group's Cybersecurity Department regularly updates and circulates an information system security policy that the operating entities are responsible for rolling out locally. This policy, based on ISO 27001 requirements, is accompanied by technical tools and awareness-raising media.

In addition, the Group's Cybersecurity Department, together with the Risk, Compliance and Internal Control Department, carry out recurring internal assessment surveys for IT system and network security, which are included in the Group's internal control self-

assessment system. The last survey was conducted in 2018 and followed up in 2019.

Owing to the reorganization of the Group Corporate function in 2020, the Group looked at developing data security procedures and in 2021 will roll out a new methodology based on an application developed by a specialist publisher in the field.

All measures to preserve data confidentiality, protect information systems against intrusion and minimise the risk of system breakdown are adjusted based on the results of these surveys and the monitoring thereof. Group entities also receive recommendations based on the results of the surveys.

The Lagardère group is also implementing a programme relating to personal data protection which aims to ensure the compliance of the Group's operations with the General Data Protection Regulation (GDPR) (EU 2016/679) which came into force on 25 May 2018. The programme is managed by the Group Data Protection Officer in conjunction with the Data Protection Officers of each division.

### 3.2.8.3.D FINANCIAL RISKS

The principal methods used to manage financial risks are described in detail above (see section 3.2.8.3.A) as well as in notes 29.1 and 29.2 to the consolidated financial statements.

### 3.2.8.4 INSURANCE POLICIES – RISK COVERAGE

The financial consequences of certain risks can be covered by insurance policies when this is justified by their scale and providing that insurance coverage is available at acceptable conditions.

Within the Group Funding, Treasury and Investor Relations Department, the Insurance Department is in charge of overseeing the use of insurance in the Group and plays a coordination and advisory role in this respect.

#### 3.2.8.4.A 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 2020, Lagardère and its divisions were able to renew insurance coverage in 2021 for their activities throughout the world.

The Group selects its insurers carefully and regularly reviews their creditworthiness.

However, given the diversity of situations in all the divisions and local specificities of the insurance market, it cannot be considered that the Group will be covered by insurance in all circumstances, nor that existing insurance coverage will always be effective.

#### 3.2.8.4.B COVERAGE LEVEL

Many insurance policies are subscribed at the level of the divisions and their sites. Given the wide diversity of situations, it is not possible to give full details of all the coverage limits.

#### 3.2.8.4.C 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 2021, the highest insurance coverage limit subscribed by the Group is €400 million for certain Lagardère Publishing facilities. Lower limits of coverage for certain risks may also apply within these overall limits (e.g., for storms, earthquakes or flooding).

### 3.2.8.4.D 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 2021, 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 €67 million.

Sub-limits specific to certain types of insurance coverage may also apply within these overall limits.

### 3.2.8.4.E CYBER RISK INSURANCE

► Risks covered

Cyber insurance covers the consequences of either a breach of data held and/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 2021, the highest insurance coverage limit subscribed by the Group is €20 million for certain Lagardère Publishing facilities.

Sub-limits specific to certain types of insurance coverage may also apply.

### 3.2.8.4.F PREMIUMS

In 2021, the overall budget for the main permanent insurance policies subscribed by the Group was estimated at 0.22% of sales (excluding collective insurance).

## 3.2.9 CONTROL ACTIVITIES

Control activities are designed to ensure that the necessary measures are in place to control the risks that may have an impact on achieving objectives.

### 3.2.9.1 CONTROL BY DIVISIONS OF THEIR OPERATIONAL PROCESSES

The divisions implement their own internal control systems to cover their day-to-day activities. These systems are made up of a combination of resources and take various forms depending on the organisation of the division as well as its business lines, size, geographic location and the regulatory constraints of its operating entities.

Some of these control activities are described in the self-assessment questionnaire common to the entire Group referred to in section 3.2.10.2, and cover the following areas:

- compliance with applicable laws and regulations;
- application of the instructions and orientations defined by the Managing Partners;
- proper operation of the Group's internal processes, particularly regarding safeguarding its assets;
- reliability of financial information.

The information systems self-assessment questionnaire is rolled out separately, as described in section 3.2.8.3.C4.

### 3.2.9.2 CONTROL BY THE CORPORATE DEPARTMENTS OF PROCESSING CARRIED OUT WITHIN THE GROUP

#### 3.2.9.2.A THE GROUP'S FINANCIAL MANAGEMENT

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 Group's Chief Financial Officer monitors the divisions' and the Group's cash flow position each month, with the assistance of certain Corporate Departments, and at the same time, the Lagardère group's bank covenants.

The Group's Chief Financial Officer reviews the divisions' and the Group's counterparty risks on a regular basis, with the assistance of certain Corporate Departments. This review provides details, by division and at Group level, of the counterparty risks relating particularly to customers, the investment portfolio and hedging instruments.

At year-end the Budget Committee also validates the annual budget and the three-year plan proposed by each of the divisions.

Each month the Reporting Committee is responsible for verifying that the budget is adhered to by each of the divisions.

Lastly, as stipulated in the Group's investment procedure, the Financial Committee reviews any significant investments, divestments and commitments.

#### 3.2.9.2.B MONITORING LEGAL AFFAIRS

The Governance and Legal Department is informed by the divisions of any exceptional transactions planned, reported under the procedure described in section 3.2.4, and is therefore represented at all Financial Committee meetings. Exceptional transactions include:

- planned financial investments and divestments;
- contractual commitments which individually involve financial commitments or off-balance sheet commitments that are significant at Group level;
- legal restructuring plans involving major operational entities.

Within the scope of the Group's Legal Reporting, the Group Legal Department also requires the divisions to provide, whenever necessary and in real time, information and documents relating in particular to the following topics:

- ▶ relations with national or supranational administrative bodies;
- ▶ exceptional transactions, above and beyond those submitted to the Financial Committee;
- ▶ disputes representing an individual or annual financial impact of more than €5 million or involving a risk for the Group's image;
- ▶ non-competition commitments;
- ▶ change of control and Key Man clauses;
- ▶ insolvency, bankruptcy and administration procedures.

### 3.2.9.2.C OTHER AREAS

The Corporate Departments have also put in place exchanges with the divisions allowing them to receive information about the processes carried out within the Group, particularly as regards information systems, sustainable development, human resources management, the roll out of Group Compliance programmes, risk management and internal control. These exchanges generally take place with the General Management of each division and in certain cases the relevant operating entities. The exchanges involve implementing policies and reporting processes, and are based on a network of correspondents who liaise with the operating entities.

## 3.2.10 PERMANENT MONITORING OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Lagardère group continuously works to strengthen the monitoring of its internal control and risk management frameworks. To this end, a Risk Management and Internal Control Committee, whose members include the Group's Chief Financial Officer, the Chairman of the division concerned and the persons in the division and in the Group responsible for risk management and internal control, meets once a year and is tasked with monitoring the effectiveness of risk management and internal control with each division.

### 3.2.10.1 PERMANENT MONITORING OF RISK AND INSURANCE 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 the Managing Partners and the divisions, and analysing the Group's cross-business risks.

More specifically:

- ▶ The Risk and Internal Control Department provides methodological support and advice, particularly for the identification, analysis and quantification of risks.
- ▶ The Department provides support to the Managing Partners by analysing the Group's cross-business or specific risks.
- ▶ It is involved, as necessary, in helping implement control measures for specific risks identified within the Group.
- ▶ The Department is responsible for establishing risk mapping for each division, particularly by defining a shared methodology. The Risk, Compliance and Internal Control Department 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.

Within the Group Funding, Treasury and Investor Relations Department, the Insurance Department coordinates insurance programmes for Group entities, employees and corporate officers. It also provides its technical expertise to Group entities requesting assistance in managing their own insurance programmes (i.e., taken out in their own name). Certain entities also call on the Insurance Department to manage all or part of their insurance programme.

### 3.2.10.2 PERMANENT MONITORING OF THE INTERNAL CONTROL SYSTEM

The Risk, Compliance and Internal Control Department manages the Group's internal control system. The department has a correspondent in each division – the Internal Control Manager –

who is responsible for coordinating the internal control system. The Internal Control Managers in each division report directly or indirectly to the division's Chief Financial Officer. This organisation ensures effective monitoring of the internal control system throughout the Group.

An internal self-assessment procedure is implemented each year for internal control within Lagardère SCA's main entities/subsidiaries. This procedure draws on dedicated IT tools, is managed by the Internal Control Managers and is consolidated by the Risk, Compliance and Internal Control Department. It helps the continuous improvement process for the control and efficiency of processing within the Lagardère group's entities.

The self-assessment is based on defining a Group reference framework shared with all the divisions. It aims to identify the applicability, efficient implementation and traceability of each of these points of control, and to establish a stronger formal definition of internal control procedures and ensure their adoption by all operational managers. The Internal Control Managers analyse the results of the self-assessment for their respective divisions, and a report is presented to the Managing Partners and the Audit Committee for the entire Group. This information is used by operational management in their quality assessment of the internal control procedures that they oversee, and for the implementation of improvement plans. It is included in the scope of audits carried out by the Internal Audit Department.

This internal control self-assessment also includes the internal assessment surveys for IT system and network security described in section 3.2.8.3.C4.

Each division senior executive also sends a detailed annual report to the Chairman of the Supervisory Board on risk management and internal control within their division.

### 3.2.10.3 PERMANENT MONITORING OF INFORMATION SYSTEMS

#### 3.2.10.3.A SECURITY

As described in section 3.2.8.3.C4, 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 the Managing Partners.



A survey was conducted in 2018 and monitored in 2019. In 2020, a study was carried out considering the replacement of the methodology currently used within the Group by a market tool, slated for deployment in 2021.

### 3.2.10.3.B UPGRADES TO THE CONSOLIDATION SYSTEM

The consolidation system described in section 3.2.6.9 – Financial reporting, as well as its configuration, are upgraded to the latest versions as often as necessary. Specific resources (as described in section 3.2.5) are dedicated to data integrity, availability and confidentiality.

### 3.2.10.4 AUDIT OF THE SYSTEMS

The Group's Internal Audit Department, supervised by the Managing Partners, audits the internal control and risk management systems, as well as the related reporting processes, as set out within the Lagardère group. Audits are conducted as part of the annual audit plan or following specific requests from the Managing Partners, the Group's Finance Department or from the division 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/or 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 the Managing Partners or the divisions, specific 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 mission of the Internal Audit Department, its powers and responsibilities are set out in an internal audit charter. The Internal Audit Department presents to the Audit Committee the annual audit plan, a summary of the work carried out, the resulting conclusions and details of their application, as well as business indicators that make it possible to assess the effectiveness of its work.

The Internal Audit Department uses a recruitment policy in order to maintain its technical skills (e.g., related to computerised audits) and language skills (to be able to work in the languages that are used the most within the Group). The Department helps spread the risk management and internal control culture within the Group through its audits, as well as through professional mobility for its employees.

### 3.2.10.5 ACTION IN RESPONSE TO THE STATUTORY AUDITORS' WORK

The Group's Chief Financial Officer ensures that the Statutory Auditors have reviewed the accounting principles and options that have a material impact on the financial statements.

She obtains from the Statutory Auditors details of the audit scope and methods, and is also informed of the conclusions of the audit.

She is informed of any significant risks and material weaknesses in internal control, as communicated by the Statutory Auditors, that could have a significant influence on the published financial and accounting information, and ensure that these factors are taken into consideration in the corrective action taken by the Group.

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# NON-FINANCIAL STATEMENT AND DUTY OF CARE PLAN

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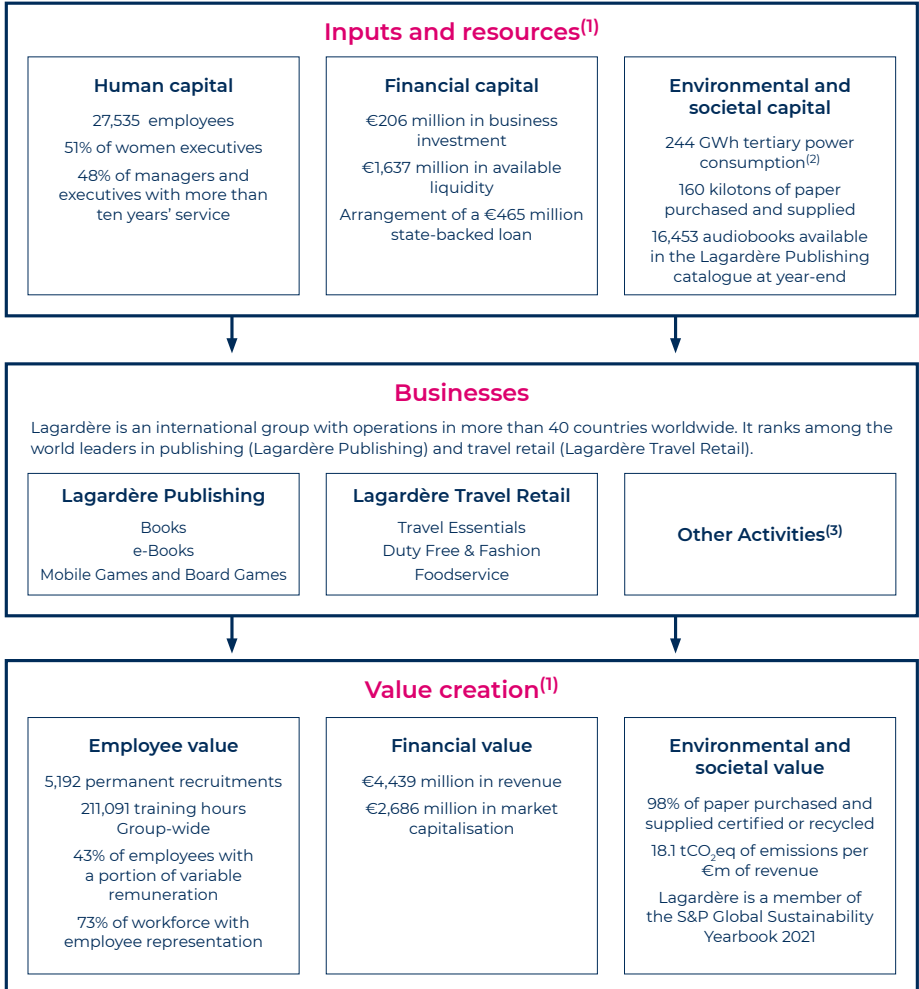
Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

## 4.1 LAGARDÈRE GROUP BUSINESS MODEL AFR

Section 1.4 of this Universal Registration Document provides detailed information on the Group's strategy, business lines and model, key figures, markets, and more.

The Lagardère group's overarching objective is to develop the loyalty of its audiences and consumers worldwide through powerful brands that deliver content publishing, production, broadcasting and distribution. The key features of this integrated model of value creation are presented in the chart below.

### A sustainable value creation model



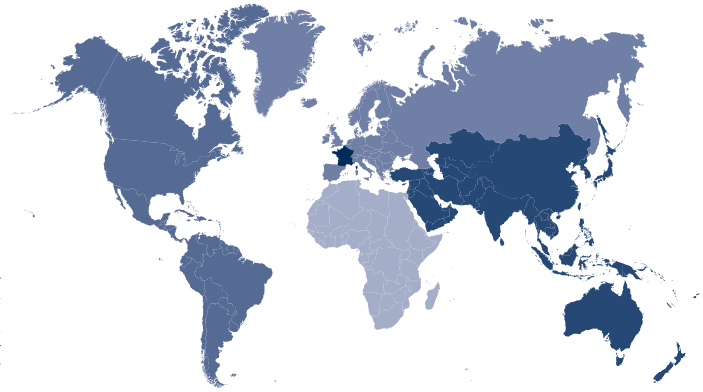
(1) Data at 31 December 2020.

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

(3) Mainly comprising Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence) together with Lagardère Live Entertainment.

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

## Workforce by geographic area at 31 December 2020



## ● FRANCE

Lagardère Publishing	2,512
Lagardère Travel Retail	4,221
Other Activities	1,179
<b>Total</b>	<b>7,912</b>

● EUROPE  
(EXCLUDING FRANCE)

Lagardère Publishing	2,578
Lagardère Travel Retail	5,818
Other Activities	47
<b>Total</b>	<b>8,443</b>

## ● AMERICAS

Lagardère Publishing	1,646
Lagardère Travel Retail	7,061
<b>Total</b>	<b>8,707</b>

## ● ASIA-PACIFIC

Lagardère Publishing	143
Lagardère Travel Retail	2,160
<b>Total</b>	<b>2,303</b>

## ● AFRICA

Lagardère Publishing	75
Lagardère Travel Retail	95
<b>Total</b>	<b>170</b>

## 4.2 CSR – KEY PRIORITIES, STAKEHOLDERS AND GOVERNANCE

**AFR**

Create purpose. Foster personal fulfilment at work. Support employees' diversity and innovation efforts. Combine excellence with corporate responsibility. Anticipate the needs of a changing society. Align respect for objectives with respect for the planet. These challenges are directly related to the Lagardère group's businesses and are reflected in the commitments made as part of its Corporate

Social Responsibility (CSR) policy originally designed, other than with the obvious aims of reducing the negative impacts of its activities and helping to build a more sustainable future, to achieve the following three internal objectives: comply with increasingly stringent regulatory requirements, align the approach with the Group's evolving strategy and structure, and strengthen stakeholder relations.

### 4.2.1 CSR POLICY OBJECTIVES

#### 4.2.1.1 COMPLYING WITH INCREASINGLY STRINGENT REGULATORY REQUIREMENTS

The CSR reference framework applies internationally.

In France, non-financial disclosure requirements have become stricter over the years. This section represents the Group's non-financial statement, to be published pursuant to articles L. 225-102-1 and R. 225-105 of the French Commercial Code. It also contains the duty of care plan, which is obligatory for parent companies and contracting entities (see section 4.7).

In terms of preventing 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.

Lastly, the Group is committed to complying with the principles set out in European directives and by the OECD<sup>(1)</sup> 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 Management Board. 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.

Internationally, Lagardère applies a number of core CSR documents and principles, such as the International Bill of Human Rights, the ILO's Fundamental Principles<sup>(2)</sup>, 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<sup>(3)</sup>) – formulated in 2015 and setting out the societal priorities for building a more sustainable society – have become the reference for CSR best practice. Accordingly, the Group endeavours to build a strategy consistent with those goals that are most relevant to its businesses. Broken out into 17 global development goals on wide-ranging topics including gender equality, climate action, quality education and innovation, the SDGs cover all of the core sustainability priorities for the period through to 2030. They set out a clear framework of standards and shared language for all stakeholders, ensuring synergy and consistency in actions and initiatives at all levels.

As in previous years, the Group's General and Managing Partner Arnaud Lagardère is renewing his commitment to the principles of the Global Compact, to which the Group has adhered since 2003 and which have guided its CSR strategy for the past seventeen years.

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

(1) Organisation for Economic Co-operation and Development.

(2) International Labour Organization.

(3) 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**

*General and Managing Partner of Lagardère SCA*

#### 4.2.1.2 ADAPTING CSR TO GROUP STRATEGY AND DEVELOPMENT

The Lagardère group aligns its CSR policy with its development strategy for its various businesses. For several years, the CSR roadmap has therefore paid special attention to:

- ▶ changes in the Group's activities. The development of activities offering growth potential, as well as changes in the business models of the more historical activities, to the extent that innovation is an essential component that affects the social, environmental and societal impacts of the Group's activities;
- ▶ the Group's increasingly international footprint. The international expansion of the Lagardère group's activities, entry into new emerging markets and the objective of ensuring that growth becomes less centred on France are also factors to bear in mind since they alter the contours of the Group's CSR strategy (inclusion of issues with an international reach, impacts on local communities, promotion of cultural diversity, etc.).

#### 4.2.1.3 STRENGTHENING STAKEHOLDER RELATIONS

Authors and other artists, readers and listeners, employees and suppliers, concession granters and the travelling public, customers and investors, consumers and shareholders: Lagardère's various stakeholders – internal, external, public and industry – are mapped out in the chart below. The Group maintains regular and constructive dialogue with its stakeholders at local and national level in each of the countries where it operates. Dialogue takes varying forms depending on the stakeholder, at Group level and within each entity. The information provided below refers to dialogue largely structured at Group level.

#### A) EMPLOYEES AND REPRESENTATIVE BODIES

The Group recognises the importance of social dialogue at various levels (sites, entities, subsidiaries, Group) for regular discussion of the operational and/or strategic decisions that best reconcile the company's responsibilities to its employees with its economic interests.

Depending on local regulations and cultures, social dialogue is carried out with independent partners serving as employees' legitimate representatives. Occupational health and safety issues, working conditions and organisational changes impacting the professional environment are among the main topics dealt with.

At Group level, two committees have been formed to address strategic priorities and the overall management of operations in France and internationally: the European Works Committee, set up in January 2003, and the Group Employees' Committee, set up in January 2002. Both bodies have regular exchanges with Management about the Group's activities and the changes required to ensure their sustainability.

The Group Employees' Committee comprises 30 employee members who represent the employees of the Lagardère group's French operations. The European Works Committee also comprises 30 members who are employees of the Lagardère group in Europe. Since the committee's renewal in July 2019, French employees have held 15 seats, with the remaining 15 seats held by representatives from ten other European countries – Austria, Bulgaria, Czech Republic, Germany, Italy, Netherlands, Poland, Romania, Spain and the United Kingdom.

The articles of association of the Group Employees' Committee and the European Works Committee stipulate that each of these bodies must hold an annual ordinary meeting. In addition to these annual meetings, extraordinary meetings or meetings between committee members and union representatives may be held if the situation requires.

The exceptional situation prevailing in 2020 made social dialogue especially intense and sustained at all levels.

Locally, most of the topics discussed revolved around the impact of the health crisis:

- ▶ safety of personnel and implementation of all measures necessary to protect employees;
- ▶ adoption of home working for all jobs that allow it and management of the individual and collective consequences of the new working arrangements;
- ▶ implementation of furlough (or its equivalent in countries without such systems);
- ▶ initiation, as a last resort, of redundancy plans linked to the shutdown of activities.

News flow was very dense at Group level due to the combined effects of the Covid-19 crisis, the end of the Group's strategic refocusing plan and the sale of businesses finalised in 2020 (Lagardère Sports and Lagardère Studios).

Governance issues and employee concerns about changes in the shareholding structure and their possible impacts were also prominent in discussions.

Several special meetings were accordingly organised in addition to the two regular meetings of the European Works Committee and the Group Employees' Committee to allow these issues to be dealt with extensively.

In January and July 2020, two special meetings of the European Works Committee Bureau were held to discuss the disposals of Lagardère Sports and Lagardère Studios, respectively.

In February, the Bureau of the Group Employees' Committee was asked to vote on the Group's decision to give the Committee responsibility for appointing employee representatives to the Supervisory Board. In November, a special session was held to officially appoint these representatives.

In April, ahead of the General Meeting and in view of the changes in shareholding structure and the demands expressed by certain shareholders, a special meeting of the Group Employees' Committee was held to allow representatives to voice employees' concerns, and to provide them with reassurance by clarifying the Managing Partners' position.

Lastly, in December, in response to a request for an expert appraisal to assess the impact of the health crisis on the Group's activities, as well as the risks associated with the possible desire of certain shareholders to dismantle the Group in whole or in part, a special meeting was held with the European Works Committee.

## B) SUPPLIERS

For nearly ten years, the Group has been formally committed to a continuous improvement process to bolster its sustainable procurement strategy and practices. Since then, the Group's strategy in this area has been based on:

- ▶ procurement policies that promote issues such as respect for the environment, diversity and social inclusion, quality of governance and easier access to VSEs and SMEs for the Group's procurement specialists, encouraging them to consider the cash flow constraints of small suppliers and select sustainable suppliers;
- ▶ a Responsible Supplier Charter based on a certain number of international standards, such as the OECD Guidelines, the ILO Conventions and the UN Global Compact, which must be signed by new contractors working with a Group company;

- ▶ a joint project with EcoVadis to conduct regular assessments of the social, environmental and ethical performance of its suppliers and subcontractors.

A map of the Group's risks associated with the activities of suppliers and subcontractors was defined in 2017 as part of the duty of care plan. This map has strengthened the Group's sustainable procurement strategy by identifying seven major procurement categories that are most likely to generate risks involving personal health and safety, human rights or the environment (see section 4.7.1 for further details on these seven procurement categories).

Throughout the year, the Group's operating entities implemented action plans designed to address specific business concerns, in line with the decisions made under the duty of care plan. They 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.

In 2020, supplier assessments were very much hampered (if not suspended) by the health crisis. The subsidiaries nevertheless took a number of measures to ensure minimum business continuity over time or to maintain commitments, particularly with small suppliers so as not to aggravate what were already very complicated economic conditions:

- ▶ regular communication with suppliers on available capacity;
- ▶ minimum business volumes and production maintained so as to ensure business continuity and avoid sudden shutdowns;
- ▶ orders for specific products;
- ▶ reallocation and reordering of production, taking into account changes in suppliers' capacities and the Group's requirements;
- ▶ posting and validation of uninterrupted invoices, commitment to payment terms and close monitoring of payments;
- ▶ invoicing of significant advance payments for production whose delivery was delayed;
- ▶ identification of "key" at-risk suppliers, with specific follow-up or action.

The Responsible Supplier Charter stipulates that publishers can initiate on-site compliance audits at the supplier or subcontractor premises, or at any of their production sites, with penalties applied for any infringements.

Hachette Livre commissioned three on-site supplier audits in 2020, and was also able to review some 20 social audits on other suppliers. The findings did not reveal any critical non-compliance. Other instances of non-compliance were nevertheless the subject of action plans in accordance with the commitments made by suppliers to correct any situations of non-compliance identified. The results obtained will be validated in subsequent audits.

## C) NON-FINANCIAL COMMUNITY

Since the creation of the Sustainable Development and CSR Department, Lagardère has maintained frequent and ongoing dialogue with non-financial investment analysts. This continuous engagement, in response to numerous requests from actors such as MSCI, CDP, VigeoEiris, Sustainalytics, ISS-Oekom etc., enables the Group to deliver steady progress in its outcomes with each new rating.

On the back of its strong performance in the year's Corporate Sustainability Assessment questionnaire, the Lagardère group was included in the S&P Global Sustainability Yearbook 2021, placing it among the leaders in its peer group in terms of ESG performance for the third consecutive year.



**D) STAKEHOLDER PANEL**

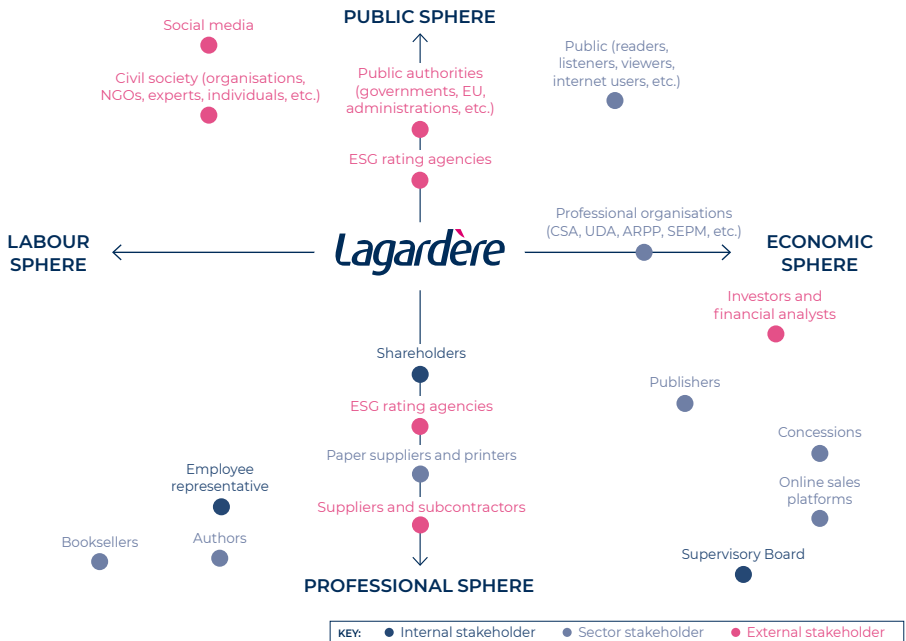
To take a more innovative approach to stakeholder dialogue, in 2015 Lagardère set up a stakeholder panel, an advisory body that seeks to ensure continuous improvement in the Group's CSR practices. Lagardère's stakeholder panel is chaired by Thierry Funck-Brentano, one of the Co-Managing Partners of Lagardère SCA, and coordinated by the Sustainable Development and CSR Department. Its 12 members – 11 of which are external to the Group – are appointed for two years and represent the Group's main priorities, business lines, and industries.

The panel has three main goals:

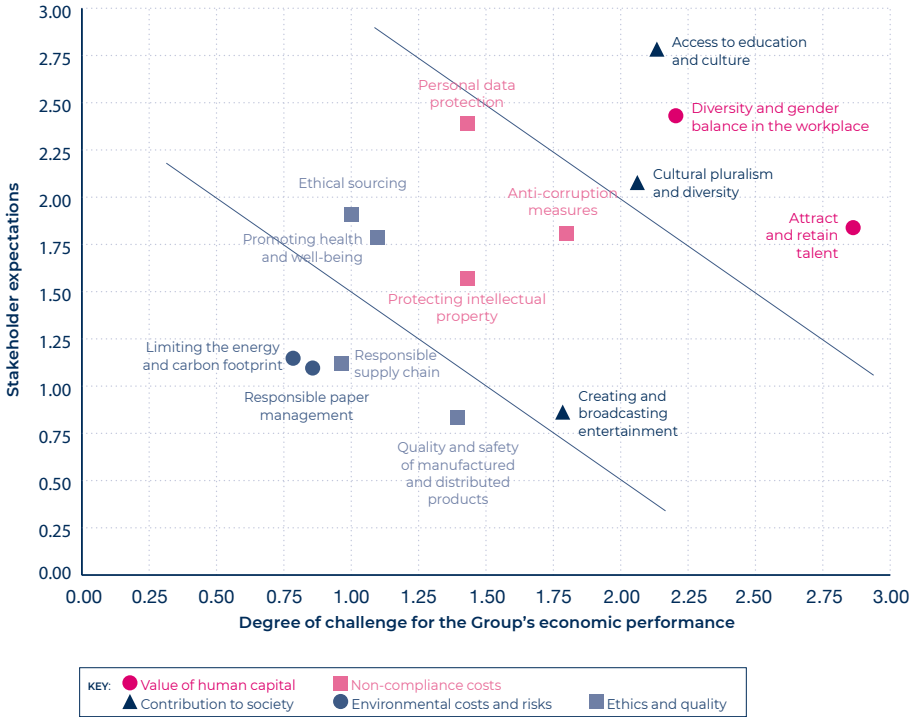
- ▶ establishing regular dialogue at Group level between Lagardère and its stakeholders;
- ▶ obtaining a better understanding of stakeholders' perception and expectations of the Group;
- ▶ supporting Lagardère's forward-looking strategy for its main social, environmental and societal priorities.

This ongoing stakeholder dialogue was given its full meaning in 2017, when the Lagardère group produced its first materiality matrix and updated its CSR roadmap.

After determining the initial qualitative and quantitative methodology, the final matrix, shown below, was fine-tuned with the aim of simplifying the overall CSR roadmap. The last step involved presenting the matrix to the stakeholder panel.



Lagardère group materiality matrix



4.2.2 CSR PLAYERS AND GOVERNANCE

At Group level, the Sustainable Development and CSR Department, which reports to the Managing Partners, coordinates a Steering Committee comprising CSR managers from each subsidiary and representatives from several cross-functional departments. Chaired by the Group’s Chief Human Relations, Communications and Sustainable Development Officer, who is also a Co-Managing Partner of the Lagardère group, this Committee fine-tunes the Group’s CSR strategy and proposes initiatives to be undertaken while promoting the sharing of best practices. Specific committee meetings are also held with each subsidiary throughout the year.

The Group-level CSR policy has been adapted to the purposes of each subsidiary. It is implemented by a correspondent belonging to the Management Committee of each subsidiary, who coordinates the networks of internal correspondents, organises local steering

committees and rolls out the tools required to embed CSR policies deeply into its business activities.

In parallel, the Sustainable Development and CSR Department steers the various working groups dealing with key issues in liaison with the corporate functions. It also coordinates dialogue with the stakeholder panel.

Since 2015, the Supervisory Board has incorporated CSR within the duties of the Appointments, Remuneration and CSR Committee. In 2020, the Sustainable Development and CSR Department updated the Supervisory Board on the CSR roadmap as well as presenting Lagardère’s ESG ratings.

Lastly, Lagardère’s Code of Ethics, which was updated in 2020, comprises a series of guidelines underpinning the values shared by all Lagardère employees. The Code of Ethics is one of the core documents used to define the Group’s CSR policy.

## 4.2.3 CSR ROADMAP

The CSR roadmap is centred around three key principles:

► **Placing people at the heart of our strategy.**

This represents our core responsibility to employees, namely that we should provide them with a diverse, varied, attractive and stimulating environment in which to work.

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

The Lagardère group works towards a pragmatic, environmentally-driven commitment that is relevant to its business activities, by focusing on three fronts: climate change, responsible resource management and an environmentally responsible approach to the food chain.

► **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.

In addition to these three strategic pillars, the Lagardère group strives to develop its activities in accordance with the major priorities of ethics and compliance. The Group's CSR roadmap is accordingly based on a core of responsible corporate governance reflected in its ethical principles and in compliance programmes applicable to its employees (see section 3.2.6.6).

## 4.3 CSR – RISKS, OPPORTUNITIES, STRATEGY AND PERFORMANCE

**AFR**

In 2018, the Sustainable Development and CSR Department and the Risk, Compliance and Internal Control Department worked together to implement a methodology for identifying non-financial risks and integrate them into the Group's risk map.

After flagging up nearly 40 non-financial risk events and opportunities divided into four categories – labour impacts, environmental impacts, respect for human rights and fighting corruption – the risk and sustainable development teams analysed them against the existing materiality matrix (see section 4.2.1.3.D).

This cross-analysis of the 40 events helped narrow the list down to 13 non-financial risks and opportunities. These 13 risks were then assigned a rating for each of the Group's main businesses, ranked using the Group's risk scoring methodology and weighted based on revenue to take account of the Group's strategic plan to refocus its business on Lagardère Publishing and Lagardère Travel Retail.

The mapping was reviewed and updated in 2020 to take into account the Group's new profile. This process was additionally an opportunity to review the initial universe and to harmonise the level of granularity of the risks and opportunities identified in order to cast more light on some of them.










This work confirmed the following areas as carrying non-financial risks and opportunities:

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

Section 4.3 describes the Group's strategy for each of these priorities, its implementation within the business lines, the indicators in place to monitor progress, and areas for improvement.

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

Cross-reference table

CSR priorities	Non-financial risks and opportunities	Strategies and actions implemented and key performance indicators (KPIs)	Sustainable Development Goals (SDG)
<b>Placing people at the heart of our strategy</b>  <i>Roadmap</i>	Management of skills and key talent	Section 4.3.1.1  KPI : <ul style="list-style-type: none"> <li>• Voluntary departures</li> <li>• Percentage of managers and executives with more than ten years of service</li> <li>• Percentage of employees with a portion of variable remuneration</li> </ul>	
	Diversity and gender balance in human capital	Section 4.3.1.2  KPI : <ul style="list-style-type: none"> <li>• Percentage of women executives</li> <li>• Percentage of women managers</li> <li>• Percentage of managers to receive diversity awareness-raising or training</li> </ul>	
<b>Sharing the social and cultural diversity of our businesses</b>  <i>Roadmap</i>	Access to and dissemination of education, culture and entertainment	Section 4.3.1.3  KPI : <ul style="list-style-type: none"> <li>• Number of audiobooks available in the Lagardère Publishing catalogue at year-end</li> </ul>	
	Quality, compliance, hygiene and safety of the products sold	Section 4.3.1.4  KPI : <ul style="list-style-type: none"> <li>• Number of countries audited for health and safety during the year</li> <li>• Percentage of countries audited for health and safety at year-end</li> </ul>	
<b>Limiting the environmental impact of our products and services</b>  <i>Roadmap</i>	Resource management, anti-waste measures and the circular economy	Section 4.3.2.1  KPI : <ul style="list-style-type: none"> <li>• Total weight of paper purchased directly</li> <li>• Total weight of paper purchased and supplied</li> <li>• Percentage of certified paper</li> <li>• Percentage of recycled paper</li> </ul>	
	Management of energy and carbon impacts	Section 4.3.2.2  KPI : <ul style="list-style-type: none"> <li>• CO<sub>2</sub> emissions per €m of revenue</li> </ul>	
<b>Respect for human rights</b>	Respect for privacy	Sections 4.3.3.1 and 4.3.3.2  KPI : <ul style="list-style-type: none"> <li>• Number of formal disputes involving discrimination, forced labour, child labour and harassment</li> <li>• Proportion of workforce covered by employee representation at 31 December</li> <li>• Number of work accidents and days' absence due to sick leave</li> <li>• Frequency and severity rate and lost time due to work accidents</li> <li>• Percentage of the workforce at an entity with a health and safety committee</li> <li>• Percentage of the workforce at an entity with regular health monitoring</li> <li>• Percentage of training hours dedicated to health and safety</li> </ul>	
	Respect for fundamental freedoms		
<b>Preventing corruption</b>	Fighting corruption	Section 4.3.4	

## 4.3.1 LABOUR IMPACTS OF THE GROUP'S ACTIVITIES

### 4.3.1.1 MANAGEMENT OF SKILLS AND KEY TALENT

Today's world is changing fast, with new growth models emerging all the time. To keep up, the Lagardère group must attract and support the career development of talented, creative and engaged employees to design innovative products and services and produce high-quality content. The Group's business success is a direct result of the skills and expertise of its employees; these skills are valuable resources that are constantly being adapted to maintain the quality and diversity of the workforce.

#### A.1 STRATEGY

Under the supervision of the human resources departments at Group and subsidiary levels, 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 by the Group's Human Resources Department, with meetings held every fortnight.

Developing the professional expertise and individual responsibilities of employees is crucial to the Lagardère group's success. It therefore focuses on developing employees, through promotion, internal mobility and training, to enhance their individual employability. Lagardère also provides guidance and training for young people by hosting interns and promoting work-study placements and programmes.

It is also Group policy to use remuneration and pay rises – contingent on the value employees bring to their position and on variable pay scales that reflect the measure of individual objectives – to recognise and reward employee performance levels, using quantitative and qualitative criteria defined by the subsidiaries.

#### A.2 APPLICATION

##### TRAINING

In order to offer employees guidance throughout their career, the Lagardère group makes available a large selection of training options in a broad range of fields, including digital technologies, management, communication, health and safety, foreign languages, businesses, etc. Each year, the training hours data highlights how well-adapted the Group's training policy is: 62% of total training hours provided focus on "business" or "management" specialisations. These courses are closely correlated to employees' current performance and development potential.

The divisions also organise their own in-house training courses. For example in France, Lagardère Publishing runs the Hachette Livre forum, three one-day events over the course of each year that provide new employees with the opportunity to learn more about the publishing business. In 2020, it was only possible to hold the first day in early March due to the health situation.

For many years, Lagardère Travel Retail has provided an internal training programme for its sales teams. The division also set up the Lagardère Travel Retail Academy in early 2017, with the aim of developing the skills of high-potential employees and top managers by organising three-day seminars for participants from various countries. Several renowned international experts from major universities (MIT, Harvard, ESSEC, Sciences Po Paris, etc.) have been invited to talk at these events during which around 15 employees are trained on subjects such as change management,

leadership, finance, innovation and marketing. Unfortunately, practical as well as economic reasons prevented this training program from taking place in its entirety in 2020. Two sessions were nevertheless held in Paris in January and February, each bringing together 20 participants, one devoted to innovation and the other on decision-making. For the rest of the year, bi-monthly remote meetings between members of the subsidiary's Top 200 took over from the Academy. Dubbed "leadership calls", they also provided a forum for exchanges with external speakers, including managers of the subsidiary's partner companies.

In France, as part of the government-sponsored National Employment Fund training assistance program (FNE-Formation), several Lagardère Travel Retail employees were able to take part in distance learning courses, largely public funded, to develop IT and digital skills, as well as business skills (project management, risk management, merchandising, operating projects, etc.) and soft skills.

Lastly, some of the subsidiary's entities also put together a "talent marketplace" enabling employees to share their skills, knowledge and know-how between each other.

#### INTERNAL MOBILITY

Internal mobility is a key component of human resource management, building on the training and employee skills development initiatives. Group-wide, nearly 1.6% of vacancies for permanent positions were filled through internal mobility in 2020. 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 2020, the Group's internal mobility rate came out at 7.4%.

Furthermore, the stark differences in the Group's business activities make mobility for operating staff between divisions practically impossible. However, in France the Lagardère group has developed a special process to evaluate the various opportunities (mainly for support functions) and profiles of candidates who have submitted a request for mobility. In view of the prevailing situation in 2020, this inter-division committee in France (made up of HR representatives in charge of mobility) has been put on hold.

## REMUNERATION

To take into account employees' skill levels, training and responsibility and the specific nature of the business sectors they work in, individual rather than collective pay rises are increasingly common. As such, most of the Group's entities reward employees through individual as well as collective performance incentives such as bonuses and variable pay. These practices enable the Group to correlate employee remuneration to the achievement of individual and collective objectives at the level of the subsidiary concerned.

In return for these individually tailored pay measures, to ensure optimum transparency between staff and their management on remuneration, the Group encourages annual interviews, which give employees a better perception of their performance with regard to the requirements of their job.

### Voluntary departures (%)<sup>(1)</sup>

Division	2020			2019		
	Executives	Managers	Other employees	Executives	Managers	Other employees
Lagardère Publishing	4.5	5.1	10.0	7.1	8.3	14.6
Lagardère Travel Retail	8.7	8.8	19.4	9.7	19.2	63.9
Other Activities	2.6	8.0	6.3	0.0	5.3	11.0
<b>Group</b>	<b>5.7</b>	<b>7.0</b>	<b>17.9</b>	<b>7.3</b>	<b>11.4</b>	<b>53.6</b>

The significant divergences in the percentage of voluntary departures by division and professional category in the table above mainly reflect local job markets and radically different approaches to work between countries. Stark differences are also found between the Group's various subsidiaries. Voluntary departures are especially common

Lagardère also seeks to build loyalty among key talent through regular awards of shares in the parent company, Lagardère SCA. It has done so since 2007 using free share awards (see the Special Report of the Managing Partners in section 2.9.9).

### A.3 PERFORMANCE

The Lagardère group now focuses on a narrower range of indicators, which it will monitor more closely. These key indicators include voluntary departures (calculated as [resignations plus recruitments] divided by 2 divided by the workforce at December 31 of the prior year), variable remuneration, and length of service of managers and executives within the Group.

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

In view of the environment in 2020, these rates were obviously down compared with 2019 across all occupations and populations.

### Other performance indicators

Indicator	2020	2019	2018
Percentage of managers and executives with more than ten years of service	48	43	43
Percentage of employees with a portion of variable remuneration	43	43	44

#### 4.3.1.2 DIVERSITY AND GENDER BALANCE IN HUMAN CAPITAL<sup>(2)</sup>

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 (particularly in terms of gender balance, disability, ethnic and socio-economic background) 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. The Group-level, subsidiary and other operational human resources

departments play a leading role in ensuring that its employees are representative of society at large.

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.

(1) Due to the significant level of employee turnover during the year, this indicator is subject to a degree of uncertainty, despite controls conducted on the data representing less than 1% of 2020 headcount (versus around 1% of 2019 headcount) and 1% of employee separations.

(2) The information in section 4.3.1.2 is presented pursuant to the obligations provided for in paragraph 2 of article L. 22-10-10 of the French Commercial code (*Code de commerce*).

**A.2 APPLICATION****GENDER BALANCE IN THE GROUP**

Women continue to occupy a central position in the Group's workforce. In 2020, women represented 65% of the Group's total permanent workforce, 51% of executives and 56% of managers. Not surprisingly, they also made up the majority of training participants (women took 56% of training hours and accounted for 64% of employees taking at least one training course during the year) as well as the bulk of promotions and pay rises (62% of promotions and 64% of pay rises).

In the United Kingdom, Hachette UK recorded a further narrowing of the pay gap and an increase in the proportion of women classified as "highly paid" in its third annual Gender Pay Gap Report.

As regards the proportion of women executives, the Lagardère group, having exceeded the initial target of 51% of female executives by the end of 2020 (out of a population of approximately 600), has decided to focus its efforts from 2021 on an even smaller number of employees representing approximately 1% of the Group's most senior positions in order to further identify the risks associated with the glass ceiling at the senior management level. At the end of 2020, this group represented approximately 300 people, 42% of whom were women. The new "Top Executives" panel will mainly comprise the members of all divisional Executive Committees and Management Committees, in each of the countries where they are based.

The LL Network, an internal network promoting gender equality launched in November 2017 and aimed at all employees in France, is the vector through which the Group demonstrates its commitment to a range of causes in support of women, such as its endorsement of the Women's Empowerment Principles, the partnership with Digital Ladies & Allies, and the #StOpE initiative to put an end to everyday sexism in the workplace. The network also aims to support constructive dialogue between the business lines and to be instrumental in attracting and retaining talent.

The health crisis did not prevent the network from growing in 2020. By the end of the year it had just over 500 members (a quarter of whom were men), despite the disposal of some businesses.

The Network also continued its mentoring programme in 2020, with 20 new pairs whose dialogue will extend into 2021 given the small number of face-to-face meetings possible between mentors and mentees during the year.

Lastly, 2020 was marked by StOpE inter-company initiatives to put an end to everyday sexism in the workplace. The Group completed the training given in 2019 to the entire HR function in France by training its sexism correspondents in the Economic and Social Committee. The fight against sexism has also resulted in the internal production of an interactive awareness-raising document, which is slated for release throughout the Group in France in 2021.

Lagardère Publishing has also made an awareness-raising and self-diagnosis web application available to all its employees in France.

**BREAKING DOWN STEREOTYPES**

This theme is relevant day to day, across all businesses. The broad diversity of employees reflects both the large number of regions in which the Group operates and the diversity of the customers and consumers that buy its products and services.

At the Group level, the situation at the various entities is surveyed regularly, in particular by periodically analysing recruitment procedures to test recruiters' objectiveness in selecting candidates applying for full employment and work placements. While the 2016-2017 survey helped fine-tune the assessment procedure and identify both the progress made and further areas for improvement, the third survey, launched at the end of 2019, was put on hold due to the health situation in 2020 and is expected to

resume during 2021. These surveys, carried out based on the criteria of ethnic origins and gender, help identify whether candidates may be victims of such discrimination at the recruitment stage.

The Group also provides training programmes for managers in the subsidiaries and operating entities on managing diversity, breaking down stereotypes and resisting confirmation bias, which are held regularly throughout the year. The human resources departments and executive committees of each division were among the first employees to be given this training course, which is now given to several dozen managers each year.

Following on from previous years, numerous initiatives, conducted in partnership with charitable associations promoting cultural or social diversity, were continued within the Group. For example, the partnership with NQT (formerly Nos Quartiers ont des Talents) offers mentoring by employees to help young people from disadvantaged neighbourhoods gain access to training and employment opportunities that are sometimes unavailable to them due to their ethnic or social backgrounds.

Lagardère Publishing continued its initiatives across all of its operational geographies, with the aim of boosting inclusivity and promoting diversity in all of its forms.

During 2019 in France, Hachette Livre teamed up with Sciences Po to provide book bursaries for students under France's programme to support equal opportunity in education (*Conventions Éducation Prioritaire – CEP*). Hachette Livre also supports the CEP programme in different ways, such as traineeships, tutoring and participation in admission committees. In 2020, greater attention was paid to the professional integration of new graduates from disadvantaged social backgrounds.

In the United Kingdom, Hachette UK has been running a programme called Changing the Story since 2017. It aims, through its many networks and initiatives, to promote diversity of culture, race, gender, religious beliefs and sexual orientations, in both the books it publishes and in the employees it hires. The subsidiary, which in 2019 was the first publisher in the United Kingdom to release an Ethnicity Pay Gap Report, has undertaken to raise the proportion of employees from ethnic minorities to 15% within five years, after an increase from 7.7% to 9.6% in 2020.

The worldwide protests in support of the Black Lives Matter movement have heightened awareness of the inequalities experienced by people of colour. Their impact was visible in a 10% increase in membership of the THRIVE network (Hachette UK's BAME network for Black, Asian and minority ethnic populations) over six months, and greater participation at all levels of the company and among all business lines at THRIVE's informal monthly meetings. In September 2020, THRIVE launched Grow Your Story, a coaching programme for fiction writers from BAME communities without a literary agent.

In Spain, the Anaya group pressed ahead with efforts to promote respect for diversity, shared values and gender equality in all of its publications, and also supports several initiatives promoting cultural and educational activities that encourage social integration.

Lastly, at Lagardère Travel Retail, the creation of a Diversity and Inclusion Committee at Paradis Lagardère in the autumn of 2020 illustrates the American division's commitment to implementing an action plan with a threefold focus on employees (including training), customers and the work environment.

**INTEGRATING EMPLOYEES WITH DISABILITIES**

In France, Hachette Livre set up its own Mission Handicap programme and was also among the leading business signatories of the charter for the inclusion of people with disabilities in the workplace, which comprises 10 on-the-ground commitments aimed at encouraging businesses to drive inclusion and in-work support for people with disabilities.

### A.3 PERFORMANCE

Indicator	2020	2019	2018
Percentage of women executives	51	49	49
Percentage of women managers	57	57	57
Percentage of managers to receive diversity awareness-raising or training during the year <sup>(1)</sup>	16	-	-

(1) Data reported for the first time in 2020.

In addition to the indicators described above, for several years the Group has also closely followed a number of formal disputes concerning discrimination alleged against one of its entities (see section 4.3.3.2 on respect for fundamental freedoms).

#### 4.3.1.3 ACCESS TO AND DISSEMINATION OF EDUCATION, CULTURE AND ENTERTAINMENT

The Lagardère group's businesses aim not only to instil the love for reading and learning, but also to foster critical thinking, knowledge, culture and learning through the full range of content available on various media and in brick-and-mortar retail spaces. The wide array of content and products available, countries where it broadcasts and cultures highlighted in points of sale, together with the multiple points of view and types of content promoted by the Group's brands, support cultural diversity and freedom of expression.

#### A.1 STRATEGY

Culture – sometimes referred to as the fourth pillar of sustainable development – plays a central role in the Group's businesses. With its involvement in the worlds of reading, writing, travel and information, Lagardère bears a special responsibility as a world leader in publishing and travel retail. Culture, in all its forms and all its diversity, is the driving force behind the Lagardère group. This is shown in the variety of books published by Lagardère Publishing, reflecting a broad spectrum of opinions in more than 70 countries and 15 languages, the reach of the Lagardère Travel Retail network (more than 4,850 points of sale in 39 countries), the variety of teams and cultural diversity, as well as the extensive range of products on offer.

Diverse cultures and ideas, freedom of expression, development of critical thinking, the ability to analyse and understand the world and knowledge transmission are all issues traditionally related to the activities and values of the Lagardère group. All the Group's brands contribute in their own way, shaped by the local context, to supporting individuals in their everyday lives by helping them understand the major issues in contemporary society (environment, social justice, diversity, health, human rights, etc.) and satisfying their desire to learn, discover, gain knowledge and open up to the world around them.

These priorities are handled by the Group's operating entities, which are responsible for ensuring the accessibility, dissemination and promotion of their products and services.

#### A.2 APPLICATION

##### ON ACCESSIBILITY, LITERACY AND THE PROMOTION OF READING

In France, the United States and the United Kingdom, Lagardère Publishing helps promote and develop audiobooks through its various brands. This format supports the visually impaired and those with reading difficulties, such as young dyslexics, by facilitating access to reading in general. However, audiobooks also

have broader appeal, whether for the quality of the narrator's voice, simple convenience or education. They offer an ideal way of passing on the pleasure of reading and encouraging people to read.

In 2019, the Hachette Livre group together with the Hachette UK and Hachette Book Group subsidiaries, signed the Accessible Books Consortium (ABC) Charter, in which they commit to increasing the number of books in accessible formats, including the blind and visually impaired, or otherwise print disabled. Hachette UK has also partnered with the Royal National Institute of Blind People (RNIB) to make 33,000 books in its catalogue available via the RNIB Bookshare platform.

In 2020, to help make books accessible to people with learning disabilities, Jessica Kingsley Publishers, one of the Hachette UK publishing houses, produced the publishing industry's first set of guidelines for creating dyslexia-friendly texts. Drafted in association with The Accessibility Network and the British Dyslexia Association, they describe how publishers can make books more readable for dyslexics, with adjustments ranging from font sizes to book cover designs.

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 to promote a love of reading and writing. This is illustrated by the partnership with the National Library Service for the Blind and Physically Handicapped, through which the American subsidiary is making its entire catalogue of digital books (15,294 titles in 2020) and audio books (5,872 titles in 2020) available free of charge to people with these disabilities. Hachette Book Group also continues to be a key partner in a nationwide initiative (Book Rich Environments) providing children and even whole families with quality books on a variety of topics. The goal of this programme, which is in place throughout the United States, is to foster a love of reading, promote culture and help young people build their own libraries at home. In 2020, Hachette Book Group donated 32,500 books as part of this partnership.

In France, in addition to its daily activities and involvement via the SNE (the French Publishers' Union) in all public events related to combating illiteracy and encouraging reading, Hachette Livre leads many initiatives. The most emblematic is Le Camion qui Livre, which embarked on its seventh consecutive year of commitment in 2020, despite the particularly challenging health situation.

The Livre de Poche mobile bookstore once again criss-crossed beaches throughout the summer. By going out in search of readers on the beaches and, above all, attracting people that might not otherwise have visited a bookshop, this operation ties in with Le Livre de Poche's historical purpose of making reading and culture accessible to all. In 2020, the house also completed the fourth year of its partnership with Unicef's mission to educate the millions of children worldwide who are not enrolled in school, by publishing previously unpublished works and donating a portion of the proceeds to the cause.

In France, through the Relay store network, Lagardère Travel Retail was a participant in BD 2020, the 2020 year of comics, notably during the Angoulême International Comics Festival.



From 13 January to 2 February, the company offered travellers a variety of events in nearly 100 stores throughout France, honouring comics as a cultural product and making them more accessible to as many people as possible, with high-profile media coverage in stores, book signings by well-known authors and cartoonists and competitions for travellers.

Lagardère Travel Retail each year also organises and/or supports a number of operations to promote reading and culture through its 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 multi-channel campaign;
- ▶ for the second consecutive year, Lagardère Travel Retail France was a partner of the Publishing Awards organised by the magazine *Livres Hebdo* through the Relay banner. This exceptional event rewards publishing professionals who contribute to the influence of publishing through their excellence, boldness and creativity. In 2020, Relay sponsored the Special Author of the Year Award, with the winning book widely publicised in the store network;
- ▶ throughout the year, it organised signing sessions in its stores;
- ▶ the division put a focus on publishers' advertising campaigns to encourage people to read books and magazines.

Also noteworthy was a joint initiative of the Group's two main subsidiaries in France to donate books and press titles to hospitals. For more than ten years, teams at more than 100 stores in the Relais H network (Relay stores operating in hospitals) have been making "reading" donations (books and newspapers) timed to coincide with the festive season to departments, specialised services and libraries in French hospitals, thereby enabling hospital patients – both children and adults – to enjoy a dose of culture and entertainment, with hundreds of titles available.

#### **ON EDUCATION, FREEDOM OF EXPRESSION, DIVERSITY AND PLURALISM**

Hachette Livre is a founding member of the PEN International Publishers Circle. PEN International is an NGO formed in 1921 to protect freedom of expression, particularly that of persecuted writers, and to promote literature worldwide. In the three countries where it operates (France, the United Kingdom and the United States), Hachette Livre actively helps to finance PEN and countless other local and national initiatives that seek to protect freedom of expression and publication around the world, support authors and, more broadly, promote the added value of books and reading.

In France, every year since 2013, Hatier has held a contest called Le Tremplin Prépac for secondary school students, with a €5,000 winning prize intended to fund future career plans. Hatier received recognition for this initiative in December 2019 in the form of a publishing trophy in the CSR category.

Since October 2017, Hachette Livre has been a founding member of Educapital, a European investment fund dedicated to education and training. Educapital identifies and partners innovative start-ups in the education and training sectors, particularly in primary, secondary and higher education segments as well as in extra-curricular activities.

At the end of 2019, Éditions JC Lattès, together with RFI and Cité internationale des arts, launched the *Voix d'Afriques* (African Voices) literary prize for young African writers, which showcases new African novel-writing talent in French. The award's second edition was held in 2020.

Education also involves raising awareness about the major issues facing society. As the publishing business is primarily driven by the diversity of the books it releases and the ideas it develops, Lagardère Publishing's primary responsibility is to help readers understand the major issues across the world today. In 2018, Hachette Livre bought *La Plage*, which publishes books by authors involved in environmental issues and well-being topics. This acquisition has enhanced the subsidiary's variety of available works and has provided *La Plage* with a broader platform for its authors to wave the environmental flag.

Hachette Book Group continued its partnership with the Read Ahead organisation for the ninth straight year. This has led a number of employees to help pupils of a state school in New York to practise and improve their reading abilities over a full school year, and more generally to provide mentoring throughout their course.

The American subsidiary is also committed to the New Jersey Law and Education Empowerment Project, a college access and success programme serving students and families in the greater Newark area. Specifically, HBG contributed to College Bound, a programme that provides middle and high school students with the academic and socio-emotional skills necessary to succeed in college and beyond. HBG has provided support to six high school students, in the form of training sessions, coaching and mentoring.

Hachette UK set up its Changing the Story programme as part of its objective to promote diversity, social inclusion, equality, accessibility, dissemination of culture, reading and writing. This 360-degree programme involves a range of initiatives (partnerships, workshops, mentoring, fundraising, donations, editorial choices, employee engagement, training, enterprise network, etc.) designed to make Hachette UK the leading publisher in the United Kingdom.

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, and through customised merchandising in dedicated displays. Over 150 regional press titles are available at Relay. Among books, the tourist guides sold in our stores promote local culture. Lagardère Travel Retail France works with the largest national publishers to cover all regions of France, but also with more specific local publishers to offer micro-regional guides suited to a specific store or geographical area.

Perpetuating a tradition dating back nearly 30 years, Lagardère Travel Retail France contributes to freedom of expression. Through its network of Relay sales outlets, the division supports the work of Reporters Without Borders (Reporters Sans Frontières) by promoting the association's three annual publications, free of charge. Moreover, the amount raised from their sale is passed on to Reporters Without Borders in full. Relay also promotes the organisation on its website and in its stores, notably through free advertising space and support for the association's prospective events.

In 2020, Lagardère's media activities helped explain, through their content, opinions and/or partnerships, many topical issues to various audiences. With its new baseline, *Écoutez le monde changer* (Listen to the world change) and by staging the *Trophées de l'Avenir* awards for excellence in social innovation and commitment, the Europe 1 radio station is demonstrating its commitment to raising awareness of major social issues among its audience.

### A.3 PERFORMANCE

Indicateur	2020	2019	2018
Number of audiobooks available in the Lagardère Publishing catalogue at year-end	16,453	14,203	12,363

#### 4.3.1.4 QUALITY, COMPLIANCE, HYGIENE AND SAFETY OF THE PRODUCTS SOLD

All companies have a duty to ensure the health and safety of the people who use their products and services, as well as complying with applicable regulations. These priorities apply in different ways to every subsidiary and activity within the Lagardère group. As an example, both physical products delivered with books (accessories, household items, toys, etc.) and food products must be compliant.

The Foodservice business at Lagardère Travel Retail requires a heightened focus on food hygiene and safety issues. An incident involving the quality of food products sold at Group stores would not only endanger 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

At Lagardère Publishing, Hachette Livre France relies primarily on its Product Safety Committee, which meets several times a year with members from the various divisions to share information on changes in applicable regulations and standards, and on product safety conditions encountered in the course of its business. This committee is also responsible for developing safety procedures for Hachette products, which are the second pillar of its strategy. Lastly, product development and manufacturing teams are also regularly trained on product safety issues.

In addition, suppliers select packaging and accessories based on criteria defined by the Group Purchasing Department. Suppliers are contractually committed to only delivering products that meet the applicable consumer health and safety standards. In addition, products such as toys that are subject to specific regulations are screened for safety post-development and are controlled by independent laboratories before being marketed to the public. Tests are also performed on kitchenware, electrical and electronic items, and cosmetics, with the test reports archived for ten years. Hachette Livre makes available to its wholesale customers all of the compliance declarations for products subject to safety regulations and standards. This is the case for toys, articles suitable for contact with food, and electrical and electronic articles.

The same demanding standards apply at Hachette Book Group, Hachette Livre's American subsidiary, which has a quality procedure and a safety testing programme.

The expansion of Foodservice at Lagardère Travel Retail since 2014 means food hygiene and safety issues have become a priority, as the division now offers food at more than 1,100 points of sale in 23 countries. Developed with the support of Bureau Veritas and its local network of health safety and brand compliance experts, Lagardère Travel Retail's strategy is based primarily on Food Safety Guidelines drawn up for circulation in all countries. These standards set out the policy along with strict rules that are sometimes more demanding than local hygiene regulations.

In addition to food hygiene and safety issues, there is a real opportunity to contribute to progress on today's social issues, namely health and healthy eating habits that are good for both people and the planet. That is why Lagardère Travel Retail is gradually committing

to sourcing its products in a more ethical manner. In early 2018, Lagardère Travel Retail pledged that it would no longer sell eggs or egg-based products from caged hens as of 2025 throughout its network worldwide. In 2020, Lagardère Travel Retail additionally undertook to confine its purchases of chicken meat to farms that meet the criteria of the European Chicken Commitment. In view of the health crisis, the communication of this commitment, which concerns Europe and has a deadline of 2026, was postponed until 2021.

#### A.2 APPLICATION

Since the end of 2012 in France, Lagardère Publishing has provided compliance certificates on both a systematic and intermittent basis on a dedicated portal to retailers and booksellers for products requiring certification. The subsidiary also set up a product safety committee that meets several times per year and has put in place incident and crisis management procedures for product safety which went into effect in early 2015. Product development and manufacturing teams are also regularly trained on product safety issues.

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). Hachette Livre regularly commissions independent laboratories to carry out tests on its articles to ensure that the concentration or migration limits of the substances present are well below the levels set by the regulations.

In France, the subsidiary is also a member of the toy standardisation committee and participates in developing European toy safety standards, including the EN 71 European safety standard series.

At Hachette Book Group (HBG), all products marketed comply with various US regulations, including the Consumer Product Safety Improvement Act (CPSIA) for children's products, in addition to regulations applicable in Canada, the United Kingdom, the European Union, Australia and New Zealand. If a product contains material not typically found in a regular book, safety tests are performed by a third-party testing agency accredited by the Consumer Product Safety Commission. For complex products, design evaluations and preliminary testing of components can take place throughout the product's development phase. For products subject to mandatory safety testing, HBG adheres strictly to its testing programme, which requires safety testing of the applicable product at least once every 12 months if there are no changes to its composition. Further testing is required if the manufacturing or product specifications change (country of origin, factory, design, materials). If a recall is necessary, HBG follows its quality procedure to notify the relevant departments and take the necessary steps to freeze the marketing of the product in question.

For Lagardère Travel Retail, the strategy is based on four pillars:

1. Food Safety Guidelines include tools for implementing action plans as well as objectives. Across all countries, an HACCP<sup>(1)</sup> system for controlling food safety applies both to catering operations and the sale of packaged food. Daily food hygiene and safety checks are performed at each point of sale, following strict and

(1) HCCP: Hazard Analysis Critical Control Point.

specific procedures, from the supplier delivery phase to final sale to the consumer;

- 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. The seventeen audits planned for 2020 had to be postponed due to the health crisis and the closure of most sites. Events permitting, audits will be conducted in eighteen countries in 2021. This work, led by headquarters, 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 Foodservices network;
- awareness-raising programmes, conducted in all new Foodservice regions, such as Gabon. In 2021, an e-learning module will also be rolled down following a successful pilot in France;
- digitalisation of daily checks since 2018, thanks to the use of web tools on tablets.

In 2020, in response to the challenges of the health crisis, Lagardère Travel Retail launched several initiatives simultaneously:

- creation and roll-out of specific guidelines (Health and Safety Guidelines Covid-19);
- provision of communication tools for all stores to mark out the consumer pathway;
- launch of the Stay Safe, We Care label carrying ten commitments on food safety. The label aims to inform and reassure consumers,

who can flash a QR Code to learn about the various sanitary measures in place in the store or restaurant where they are. The label has been circulated to all countries to be adapted and applied locally.

Following the subsidiary's commitments on product sourcing and traceability, some countries have already changed their egg supplies in their entirety when local production volumes allow. This is the case in Italy, Austria and Australia, for example.

Lastly, alongside the food hygiene and safety issues, the subsidiary is becoming increasingly aware of growing demand from contractors and consumers for healthier foods that promote traveller well-being. This has given rise to partnerships with brands that are committed to improving the intrinsic quality of the products or providing locally sourced products. In France, for instance, Lagardère Travel Retail has revisited its snacking offer: organic products now account for 7% of biscuit sales and 8% of savoury products. The range of self-service snacking products has also been redesigned. It now offers up to 40 organic and dietary references, including in biscuits and seeds. Lastly, in partnership with Picadeli, Lagardère Travel Retail France has opened self-service salad bars in over 40 Relais H restaurants (hospitals). Customers can choose from between some 40 fresh ingredients, which change with each season (two menus per year).

France is committed to ensuring that 50% of the Foodservice offer is reserved for local, organic, sustainable or labelled products and 80% for French products by 2022. By the end of 2020, 31% of products were local or organic, and 76% were French.

### A.3 PERFORMANCE

Indicator	2020	2019	2018
Number of countries audited for health and safety during the year	0	16	14
Percentage of countries audited for health and safety at year-end	0	70	70

As previously explained, the results reported for 2020 reflect the health crisis, as audits were postponed until 2021 (18 audits planned).

## 4.3.2 ENVIRONMENTAL IMPACTS OF THE GROUP'S ACTIVITIES

### 4.3.2.1 RESOURCE MANAGEMENT, ANTI-WASTE MEASURES AND THE CIRCULAR ECONOMY

Products essential to the deployment and development of the Group's activities involve the use of many natural resources. This reliance requires the implementation of mitigation measures to limit the negative environmental impacts generated by these activities. In a society that is increasingly concerned about ecological and environmental issues, the Group could find itself challenged by public opinion in the event of poor management of raw materials and/or natural resources used in the day-to-day running of its activities. This risk would be compounded if initiatives fail to meet the expectations of customers, consumers and other stakeholders on the matter.

In this area, and in view of its legacy and growing activities, the Group's commitments cover three main items, namely paper, food waste and plastic.

Paper is historically the Group's predominant raw material. When produced from renewable sources, paper can be a quintessentially eco-friendly material – if the impacts of its production are managed properly. Like any product, paper leaves an environmental footprint throughout its life cycle, from the forest and purchase of raw materials to production and recycling unsold copies. Paper pulp is a globalised resource that is imported from many countries and transported worldwide. As a result, each of the steps in the paper manufacturing process can combine several sources. This explains the need for vigilance, particularly in supply management.

Furthermore, in view of the growing importance of the Foodservice business at Lagardère Travel Retail, and the financial, environmental and social challenges related to food waste, it is imperative to take action to encourage production and consumption patterns to embrace more sustainable practices.

Lastly, the fight against plastic pollution has also become a priority for the Group's activities, which have begun making tangible progress on this issue since 2020.

**A.1 STRATEGY**

Through its Lagardère Publishing subsidiary, the Lagardère group has long led a policy of responsible paper management which applies throughout the paper life cycle. From supply to production to the management of returns, Lagardère works with all its trade partners involved at every stage.

The Group seeks first and foremost to increase from year to year the proportion of purchases of certified paper sourced from sustainably managed forests, in other words those where the amount of wood cut each year does not exceed the amount of biomass that has grown that same year, thereby guaranteeing the maintenance of the carbon stock in the forest rather than allowing forests to be overexploited or entire areas to be deforested. It also endeavours to use recycled paper wherever possible. Whether paper is purchased directly from paper manufacturers or supplied by the Group's regular printers, the policy is to prioritise printing on PEFC or FSC certified paper. Buying certified paper also has consequences for the preservation of biodiversity, since the sustainable approach

involves controlling forest resources, and also takes into account criteria such as the productive and protective functions of forests, biological diversity, and forest health and vitality.

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

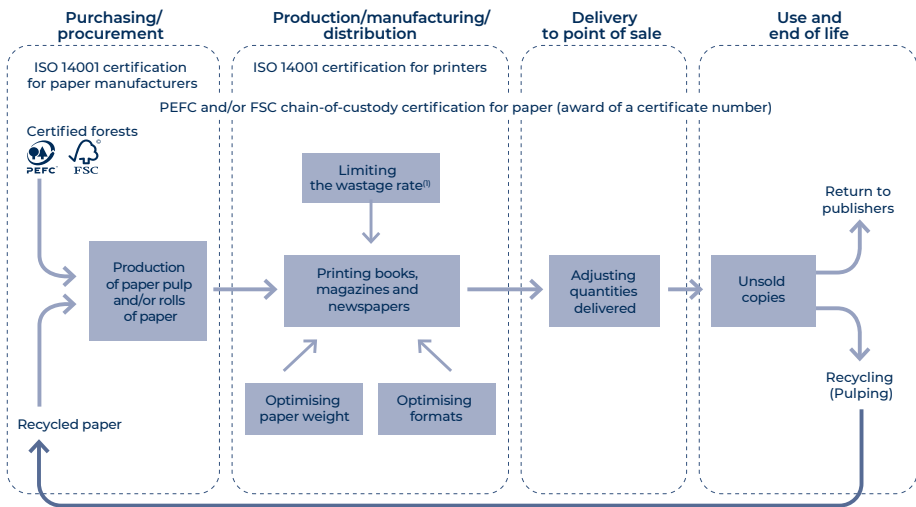
On the issue of plastic pollution, Hachette Livre initiated an audit in France in 2020, while Lagardère Travel Retail is working to gradually eliminate single-use plastic from all internal brands.

At the local level, in each of the relevant business units, the technical teams in charge of paper manufacturing and/or procurement, as well as the operational teams in charge of the stores, support and embody this strategy on natural resources, thereby contributing to the gradual reduction of the negative impact of the Group's operations.

**Paper cycle**

The main raw material used to make paper is wood, which is a renewable resource. The wood is processed into a pulp which is used to make reels of paper. The reels are shipped to the printer

to be made into books, magazines and newspapers. Once used, these products can be collected and recycled to be used as a raw material for the production of recycled paper pulp.



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

**A.2 APPLICATION**

**PAPER PROCUREMENT**

Over the years, initiatives focusing on traceability and monitoring of the quality of paper purchased directly or supplied by printers have made it possible to significantly reduce the proportion of fibres used for publications whose origin cannot be traced and/or to ensure that no fibres are used from forests that are not replanted.

Several measures are implemented alongside responsible paper procurement to control the quality of paper purchased.

Lagardère Publishing asks its suppliers in Asia to ban certain qualities of paper that do not meet the requirements (traceability, fibres from sustainably managed forests, etc.).

At the end of 2016, Hachette Book Group launched a programme to verify fibres sourced from Asia that are introduced into the paper it purchases. Each quarter, samples of the paper used for publications distributed by the American subsidiary are tested to obtain assurance that the paper purchased from Asian markets is from suppliers that respect their environmental commitments. To do this, Hachette Book Group has contracted a specialist laboratory to test the fibres of inside pages, cover pages, sleeves and book covers which are selected at random from among the publications printed in Asia. The aim is to ensure that no precious exotic woods are mixed into the weave and that the paper meets the specifications of Lagardère Publishing.

This programme was progressively extended to all Lagardère Publishing entities in France, the United Kingdom and Spain. This represents a significant initiative that rounds out and reinforces the subsidiary's policy of purchasing certified and recycled paper.

In 2010, the Group's Press business committed to using only certified PEFC (or recycled) paper printed by certified suppliers, allowing it to place its printers' "PEFC certified" logo on mastheads and in credits.

Recycled paper is very well suited to the production of newsprint. *Le Journal du Dimanche* is printed entirely on recycled paper. However, as the supply of recycled paper for magazines remains limited due to the significant volumes required and small number of suppliers in the market, certified paper is preferred.

The Group's operating staff in charge of paper procurement have for some time run a policy to raise awareness of environmental issues with their paper suppliers and printers, both in France and abroad, by encouraging certification. Consequently, around 97% of the paper purchased by Lagardère Publishing was sourced from ISO 14001-certified suppliers.

### MONITORING PAPER CONSUMPTION

Operating staff have adopted a number of initiatives to limit wastage (percentage of paper wasted) during the production process (printing and after-press). The wastage rate is calculated by comparing the amount of paper used in the printing process with the amount of paper delivered in the form of books, newspapers or magazines. The rate can vary greatly depending on the printing technology used (type of machine or colours) and the number of books or magazines produced (the print run).

As part of the policy for reducing the paper wastage rate, the teams concerned determine the best technical inputs and carry out detailed calculations of the amount of paper to be allocated to the printer. Improving wastage rates is a key factor in negotiations with printers.

Paper consumption and wastage rates are monitored regularly to:

- ▶ validate the choices of printers, optimal printing techniques and paper (optimisation of reel width and paper size);
- ▶ calculate the number of copies of magazines and newspapers to print according to sales statistics;
- ▶ identify new technologies that could be used (rotating rapid-calibration tools, automatic setting of ink devices);
- ▶ implement rigorous printing press control procedures and optimised machine calibration (inking, size of paper cuts, etc.);
- ▶ inform editorial managers of the most economical formats to help them best meet market requirements;
- ▶ define and validate the best paper allocation schedules in conjunction with each supplier;
- ▶ identify areas for continuous improvement in conjunction with suppliers.

Adjusting the format of publications is another way of optimising book and magazine production. Lagardère Publishing offers a large range of single-format textbooks by title that are optimised to reduce the paper wastage rate in production. Compact textbooks have proved popular with teachers, buyers and pupils, who welcome lighter school bags.

Print-on-demand technology also helps to reduce paper consumption while limiting greenhouse gas emissions for production, storage and transportation. The Group has developed the use of this technology in France, the United States and the United Kingdom, and its catalogue continued to expand in 2020.

In France, Hachette Livre is also using print-on-demand technology as part of a large-scale project launched in association with France's national library (*Bibliothèque Nationale de France*), to enable a

selection of more than 200,000 works to be made available for purchase via Hachette Livre's network of bookstores.

### WASTE PAPER

At Lagardère Publishing, unsold copies that are not crushed to be recycled and to go entirely into the recycled paper channel are reintegrated into the publishers' inventory.

The Group's Press activities take action upstream to reduce the rate of returns, optimising the number of copies of each title sent to stores. Returns are an inevitable part of newsstand sales; to manage them as effectively as possible, sales managers use specialist software to constantly fine-tune quantities printed and delivered. Over many years, these actions have reduced rates of returns to below the national average.

### FIGHTING FOOD WASTAGE

With the fight against food wastage now a major public policy issue, Lagardère Travel Retail is striving to contribute to it across all of its operating regions by rolling out a certain number of complementary measures to reduce food loss. Optimising production, preserving food, preventing waste, processing uneaten food and transferring unsold products are the cornerstones of the subsidiary's strategy.

To optimise production, Lagardère Travel Retail and its entities choose fresh, seasonal and less perishable ingredients, and favour on-site preparation to remain aligned with demand and avoid overproduction. Products are produced regularly, but in quantities sized to match demand. For example, the products produced or purchased by Lagardère Travel Retail's Czech subsidiary are vacuum-packed to extend their shelf life.

As regards food preservation, in the Netherlands, a product called Slow – which absorbs ethylene contained in fresh produce, slowing down the maturation process – is used to perfectly preserve fresh produce such as fruit, vegetables and herbs for up to 30 days.

To prevent waste as much as possible, happy hours are organised at the end of the day to limit food loss (Bulgaria, Czech Republic, Poland, Romania). In some countries, customers' awareness of the fight against waste is raised through online and in-store communication campaigns. In France, the Too Good To Go app enables customers to buy unsold meals online at reduced prices. In the Czech Republic, a milk dosing system for hot drinks has been set up at Costa Coffee to reduce wastage as well as to improve food security in view of its short shelf life.

Several initiatives are in place to address the transformation of uneaten food. In the Czech Republic, for example, the coffee grounds generated by Costa Coffee branches are made available to both customers and a gardening association. At UGO juice bars, there are plans to transform unused fruit and vegetables into compost.

At the end of the chain, the transfer of unsold goods is a particularly appropriate final link. Whether used for animal feed (unsold food unfit for human consumption) or to assist vulnerable people, the end of life of unsold food serves a social purpose. The examples below show the range of possible solutions that Lagardère Travel Retail is committed to implementing in all its regions of operation:

- ▶ distribution of unsold products to zoos, circuses and animal shelters in the Czech Republic and Romania;
- ▶ partnership in Romania with Caritas, a not-for-profit organisation, under which on four days each week, employees from several points of sale deliver products nearing the end of their shelf life, as well as two other bodies, the Life and Light Foundation and the Metropolis Foundation. Caritas then redistributes the products to disadvantaged children and elderly people;

- ▶ cooperation with charities for the homeless such as the Salvation Army in the Czech Republic;
- ▶ cooperation with local food banks in the United States and Italy.

The health situation in 2020 and the large quantity of unsold products resulted in significant food donations in many countries. For example, a donation of nearly €200,000 was made in Singapore. In France, following the drop in footfall in railway stations and airports as a result of lockdown and curfew measures, Lagardère Travel Retail France was confronted with large stocks of unsold food. To avoid wasting them and to allow them to benefit those who need them, a partnership was formed with Phenix, a start-up at the forefront of the fight against wastage. As a result, just over €240,000 worth of food was donated to nearly 13 charities, most of them in the Ile-de-France region (Lagardère Travel Retail France's logistics warehouse is located in Val-d'Oise). In terms of waste reduction, the initiative saved the equivalent of 160,000 meals and avoided 81 tonnes of waste. Lastly, a tonne of food was also donated to the Paris public hospital system (Assistance Publique des Hôpitaux de Paris – APHP).

## PLASTIC REDUCTION

Driven by a constant determination to reduce their environmental footprint, the Lagardère group's subsidiaries successfully made progress on plastic reduction in 2020, despite the backdrop of the crisis.

Hachette Livre France launched a comprehensive review of its use of plastic throughout its processes. The aim is to obtain a precise measurement of the plastic footprint within the manufacturing and distribution chains. Throughout the second half of 2020, detailed mapping was carried out to determine the various types of materials and volumes of plastics used in production (banners, lamination or protection for books or boxes, etc.) and logistics (film for securing pallets, packaging, etc.). A comparable review is now also under way on partworks, aligned with the specific nature of that activity. The first half of 2021 will be devoted to drawing up an action plan focusing on the main areas of substitutability, eco-design, sustainable procurement and the adaptation of industrial processes in order to

match usage to requirements so as to reduce the plastic footprint in the coming years.

In late 2019, the Lagardère Travel Retail subsidiary decided to eliminate all plastic consumables provided with food products manufactured by its proprietary foodservice brands worldwide. The initiative began in France in July 2020, with the rest of Europe following in December 2020. Since then, orders for single-use plastic consumables have been discontinued in all these markets.

This major change was possible thanks to quick work by departments and countries to identify products and suppliers meeting the new specifications so as to facilitate the transition. The initiative will be extended to the subsidiary's other regions (United States, Asia-Pacific, Middle East and Africa) during the first quarter of 2021. In tandem with this approach, the subsidiary has reviewed the way it uses plastic consumables overall in order to reduce their volumes and optimise the impact of its commitment in this area. For example, complete sets of plastic cutlery are no longer given out if they are not needed to eat the products purchased, and lids are now simply offered to customers rather than being placed on cups automatically.

## REFURBISHMENT OF POINTS OF SALE

In addition to these three major natural resource management issues, 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 re-injecting 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 undertaken in France in the second half of 2020 includes equipping them with sorting bins (liquid, plastic bottles, organic waste), particularly in its foodservice units and Relais H outlets.

## A.3 PERFORMANCE

Indicator	2020	2019	2018
Total weight of paper purchased directly (in kilotons)	121.5	123.3	180.2
Total weight of paper purchased and supplied (in kilotons)	160.0	152.6	210.9
Percentage of certified paper	94.7	> 87	87
Percentage of recycled paper	3.3	< 10	10

### 4.3.2.2 MANAGEMENT OF ENERGY AND CARBON IMPACTS

The increase in greenhouse gas emissions caused by human activities is undeniably accelerating climate change, which is a global challenge that affects many regions and calls for both a concerted international effort involving many different countries and smaller-scale initiatives led by individual countries, corporates and people. Fighting climate change is a major challenge of our time that needs to be addressed by all companies, both public and private. Taking carbon footprints into account has therefore become essential for any company committed to pursuing a serious CSR strategy.

## A.1 STRATEGY

As a leading publisher, producer, broadcaster and distributor of content, the Lagardère group's main responsibility on the issue of

climate change is to use its ability to raise awareness, inform and educate the general public on the issue. Helping to improve the development and sharing of knowledge around climate change, its origins, causes and the various options that exist for reducing its impacts are all topics addressed by the Group's various media over the course of the year as they cover, handle and analyse the latest developments in this area.

Beyond this specific responsibility, the Group's activities are largely tertiary in nature, which therefore limits the direct impact it has on the environment and therefore on climate change. Nevertheless, in order to identify the activities responsible for the most greenhouse gas emissions and the actions that could be taken to reduce these emissions, in the first half of 2016, the Lagardère group conducted its first consolidated Bilan Carbone® audit.

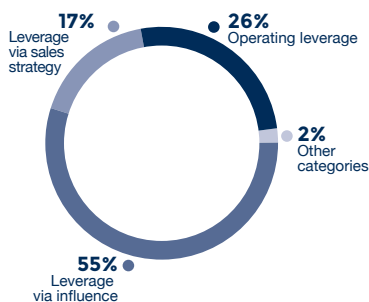
In terms of the methodology, the audit was carried out using 2015 business data. It covered all the activities of the Group's four divisions



at that time, and therefore included all direct and indirect emissions, both upstream and downstream, connected with its many operations and sites. The goal of this exercise was not so much to arrive at an accurate number, but to get an idea of the orders of magnitude involved (particularly for most Scope 3 emission sources) and to assess the level of carbon dependence in the value chain. This audit is effectively a strategic analysis tool that has enabled the Group to test numerous assumptions relating to its carbon priorities formulated over the years thanks to its in-depth knowledge of its subsidiaries.

The emissions were divided into three main categories in line with the scope for action available to the Group. The last category consists of residual items. The breakdown is illustrated in the chart below.

### Breakdown of the Lagardère group's carbon emissions by scope for action



The highest emissions category is therefore the category offering leverage through influence and includes the following:

- ▶ production and use of the audiovisual and digital equipment used by end customers for the consumption of the Group's media content (televisions, radios, computers, mobile phones, tablets and e-readers) = 39%;
- ▶ transportation used by spectators attending sports and cultural events in the entertainment venues and stadiums operated by the Group = 13%;
- ▶ transmission of TV/ radio/digital signals to broadcast the Group's media content = 3%.

In each of these categories, the scope for action is very limited:

- ▶ production and use of audiovisual and digital equipment: the only two actions that are possible for this item are lobbying equipment manufacturers and educating users on responsible ways of

operating their equipment (energy consumption and depreciation over time), two areas over which the Group has little influence;

- ▶ transportation used by spectators to attend events: promoting green mobility, partnerships that encourage the use of public transport, car sharing, etc.; these are valid options for spectators that are already at the venue or who live a reasonable distance away. Nevertheless, these actions do little to stop international travel, the majority of which is by air;
- ▶ transmission of TV/radio/digital signals: the Lagardère group is entirely dependent on these networks which are controlled by public and/or private operators.

The second highest emissions category is a category that offers scope for action via the sales strategy (17%). This category relates to the manufacture of the products sold at Lagardère Travel Retail's various points of sale (food and drink, newspapers and magazines, miscellaneous accessories, fragrances and cosmetics, clothing and textiles, etc.). The scope for action is more obvious in this category, namely offering products that are less carbon-intensive and that are produced locally. Many of Lagardère Travel Retail's stores already sell a large range of local products at points of sale around the world. Offering products that have a lower carbon impact involves implementing a major overhaul of the product offering across the store network.

These first two categories alone account for 72% of the Group's emissions.

The third category, and one that does offer operational scope for action, accounts for just over a quarter (26%) of the Group's emissions and includes the following categories:

- ▶ production of paper goods (books, magazines and newspapers) = 11%;
- ▶ distribution of products sold (logistics) = 10%;
- ▶ energy consumed by the Group's buildings (offices, warehouses, points of sale, venues, etc.) = 5%.

These categories represent the main sources of greenhouse gas emissions that the Group can tackle with a certain amount of ease.

The fourth and last category, accounting for 2% of emissions, includes the three remaining emitters linked to the following activities: event organisation/production, production of TV/radio/digital content and end-of-life products.

Lastly, it is worth noting that there is still a great deal of uncertainty surrounding this type of analysis, particularly with regard to the average emissions factors used, assumptions retained, extrapolations and estimates made, etc. The different levels of uncertainty relating to all the emitting activities included in the analysis are summarised in the table below.

## Level of uncertainty of emitting items

Emissions factor	Uncertainty
Manufacture and use of audiovisual and digital equipment	+++
Manufacture of goods sold at points of sale	++
Transportation of spectators	+++
Manufacture of paper goods	+
Distribution of goods sold (logistics)	++
Energy consumed by buildings	+
Television/radio/digital signals	+++
Event organisation/production	++
Production of TV/radio/digital content	+++
End-of-life products	++

The results of this analysis are used to support the initiatives started many years ago by the Group as part of its carbon-reduction strategy. This consists in focusing on the areas in which the Group has genuine scope for action, namely:

- ▶ production of paper goods, books and magazines (see section 4.3.2.1);
- ▶ controlling energy consumption in offices, points of sale, warehouses and entertainment venues (see next section);
- ▶ optimisation of logistics (see next section).

The Group has not yet identified any operations likely to be heavily impacted by the increase in frequency or intensity of climate-related incidents. Accordingly, since the Group considers that this situation is not likely to hinder the smooth functioning of its activities, it has not yet put in place any specific measures to adapt to the consequences of climate change.

### A.2 APPLICATION

#### WITHIN THE BUSINESS LINES

At **Lagardère Publishing**, the various measures implemented to ensure the traceability of paper and book manufacturing have made it possible to display two labels on all French language books for the last five years: the carbon footprint of the item and the source (certified or recycled) of the fibres used in their production.

At **Lagardère Travel Retail**, in addition to the initiatives mentioned above (see section 4.3.2.1), efforts are also being made to reduce transport-related emissions in connection with warehouse deliveries. Lagardère Duty Free has operated a fleet of hybrid vehicles since 2015. The use of this fleet at Paris-Charles de Gaulle and Paris Orly airports has reduced fuel consumption by 20% per year. Elsewhere,

across the international store network operated by the division, energy optimisation programmes have been set up involving such actions as switching to LED bulbs and using refrigerators with doors.

The Group and its subsidiaries each organise their own approach to this challenge, for instance, by developing awareness campaigns and training programmes to help their employees understand the concerns specific to their particular business and the tools and measures available to manage them.

#### OFFICE PREMISES

The Lagardère Group is implementing a strategy to reduce its carbon footprint at its office premises in three ways:

- ▶ opting for energy-efficient buildings and/or buildings with environmental certification for employees of Group companies. For example, the headquarters of Hachette Livre at Vanves in the Paris area, obtained HQE NF very high environmental standard certification for commercial buildings, as well as the BBC energy efficiency label. The new headquarters of Hachette UK, Carmelite House, has BREEAM certification;
- ▶ implementing a programme to increase its use of low-carbon energy sources. Several of its premises in Paris have been heated for years by a district heating system supplied by Compagnie Parisienne de Chauffage Urbain (CPCU). In late 2017, the Group switched to clean electricity to supply all of the sites that it controls in France;
- ▶ using offices in a rational and pragmatic way. The Group's office premises are increasingly being configured for optimal daily energy consumption (LED lighting, occupancy sensors, labelled computer equipment, equipment sharing, etc.).

### A.3 PERFORMANCE

Indicator	2020	2019
CO <sub>2</sub> emissions per €m of revenue (in tCO <sub>2</sub> e)	18.1	16.3

The ratios presented in the table above refer to Scopes 1 and 2 emissions described in A.1 of section 4.4.3.

The sharp increase between 2019 and 2020 is obviously attributable to the health crisis, which heavily impacted the Group's activities, particularly those of Lagardère Travel Retail, the main contributor to the Group's energy consumption through its extensive store network. Thus, while energy consumption and as such greenhouse gas emissions were understandably down in 2020, they did not fall as much as the subsidiary's revenue. In all of our countries of

operation, a number of stores remained open in certain strategic areas, in agreement with the concession granters (railway stations, airports, hospitals), in order to ensure basic services. But with far fewer people moving through railway stations and airports than in normal times, the energy consumption generated by these stores was never offset by the sales achieved within the network.



## 4.3.3 RESPECT FOR HUMAN RIGHTS

### 4.3.3.1 RESPECT FOR PRIVACY

With the explosion in the amount of data available online and the surge in cyber-attacks in recent years, personal data protection has become a major social issue that requires increased responsibility and vigilance. Information systems are of critical importance in the day-to-day operations of the Group, and contain confidential data relating to how its businesses are run as well as personal data concerning third parties (particularly customers, suppliers and web users) and the Group's employees.

#### A.1 STRATEGY AND APPLICATION

The Group's information systems contain personal data on Group employees and third parties, including magazine and partworks subscribers, the travelling public (duty free) and website visitors (media, education).

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".

The Group has been actively implementing the Regulation since 2016 with the full support of the Managing Partners. 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, coordinated by three departments and comprising the Data Protection Officer (DPO), the Group IT Director and the Chief Compliance Officer.

A Steering Committee was also set up with the divisions under the responsibility of the DPO, and a network of officers was created in the divisions. This has enabled various applications, tools and policies to be validated for compiling information on data processed and ensuring that personal data are duly protected (see section 3.2.6.6).

The GDPR compliance programme is now part of the Group's continuous improvement process, alongside all other risk management and compliance programmes. Internal Audit missions are regularly conducted on this subject.

Chapter 3 – Risk factors and control system, describes all measures undertaken in the area of information system security and the application of the General Data Protection Regulation.

Protecting intellectual property is a central priority at Lagardère Publishing, as its publishers are the custodians of their authors' rights.

### 4.3.3.2 RESPECT FOR FUNDAMENTAL FREEDOMS

In an increasingly transparent world, companies are faced with growing expectations from all quarters to demonstrate that they respect human rights in their operations and value chains.

It is the responsibility of governments to transpose international human rights obligations into national legislation and ensure they are applied. But companies must also respond to the objective and challenge to enforce internationally recognised human rights. As business organisations have some control over the human rights of their employees and contractors, the people who work for their suppliers, the communities that revolve around their business activities, and the end users of their products and services, many nations have passed regulations that set out protective measures

to prevent human rights violations by companies, including laws on employment, discrimination, the environment, and health and safety. Business conduct can therefore have a direct or indirect positive or negative impact on human rights.

In practice, some rights are more relevant than others depending on the industry, region or circumstances. For the Lagardère group, human rights issues can be split into three main categories.

First, activities in the areas of culture, education and knowledge are linked to and have a positive impact on a number of human rights (right to freedom of opinion and expression, right to education). This positive impact is described in detail in section 4.3.1.3.

Second, human rights affect all Group employees and cover risks associated with working conditions, health, safety and security, and discrimination. In addition to the information above, section 4.3.1.2 goes into further detail on the Group's policy on diversity and gender balance in human capital.

Lastly, the risk of human rights violations is also considered to be a priority in the supply chain and sustainable procurement, and in the relations that the Group's operating entities maintain with their suppliers and subcontractors. Section 4.2.1.3.B describes the Group's policy on relations with its value chain in greater detail.

#### A.1 STRATEGY

Since it signed the Global Compact in 2003, the Lagardère group has pledged to make respect for human rights and fundamental freedoms a key focus of its sustainable development policy. Although the Group's businesses are service-oriented, which tends to limit its negative impacts, all Group employees take steps to ensure that business development and growth do not conflict with respect for human rights.

In addition, the Lagardère group undertakes to uphold internationally recognised human rights set out in documents such as the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the fundamental conventions of the International Labour Organization, and the Guiding Principles on Business and Human Rights (implementing the United Nations "Protect, Respect and Remedy" Framework, or Ruggie Principles).

The Group's Code of Ethics also outlines a set of guiding principles which employees undertake to apply, including individual respect, working conditions and social dialogue – all issues to which the Group is strongly committed.

The Code formally prohibits discrimination and any form of harassment, capital punishment, or mental or physical coercion.

As regards working conditions, the Lagardère group is committed to applying the laws in force governing health, hygiene and safety at work, and to taking all necessary precautions to keep the working environment safe and secure for all. Where there is a risk to life and limb, the Group recognises employees' right to withdraw their labour in accordance with the law. The Group also strives to reduce occupational health risks, ensuring that all employees are sufficiently well-informed to carry out their duties, and committing to maintaining open social dialogue so that issues can be dealt with effectively at the local level.

For a detailed discussion of social dialogue, see section 4.2.1.3.A.

## A.2 APPLICATION

On the topic of health and safety, each division has a policy to reduce occupational health risks through preventive action and training.

As 2020 was marked by the pandemic, one of the main priorities was obviously to ensure the health and safety of all Group employees, particularly those who could not work from home (logistics centres, store network, radio technicians). This involved strict application of safety measures, implementation of procedures and protocols, disinfection rules, team rotation, and the provision of masks and hand sanitiser to all employees concerned. In all Lagardère Travel Retail stores, measures were also implemented or reinforced to ensure the safety of both employees and customers. They included management of traffic flows and pathways, development of take-away offers (Pick & Go), emphasis on contactless payments and the installation of plexiglass protective screens for checkouts.

For all jobs that allowed it, home working became the norm, with a return to the office on a case-by-case basis depending on decisions

taken by each government at the national level, and always in strict compliance with health regulations and with the implementation of rosters between departments and functions so as to limit the number of employees present in offices.

In addition, all the human resources teams supported employees through substantial social dialogue and a wide array of internal communications.

The Lagardère group closely monitors the indicators covering work-related accidents and their prevention.

The Group has also used three indicators for several years to report any human rights violations in which one of its operating entities could to some degree be indirectly involved. The number of formal disputes involving discrimination, forced labour and child labour was monitored to measure the maturity level of Group companies. In 2019, a harassment barometer was added to the list, bringing the number of formal dispute key indicators to four.

## A.3 PERFORMANCE

Indicator	2020	2019	2018
Number of formal disputes involving discrimination	10	16	10
Number of formal disputes involving forced labour	3	5	5
Number of formal disputes involving child labour	0	0	0
Number of formal disputes involving harassment	10	11	-
Percentage of the workforce covered by employee representation at 31 December	73	71	70

## Number of work accidents and days' absence due to work accidents<sup>(1)</sup>

Division	Number of accidents	Number of days of absence due to work accidents
Lagardère Publishing	95	4,616
Lagardère Travel Retail	185	12,261
Other Activities	14	753
<b>Group total 2020</b>	<b>294</b>	<b>17,630</b>
<b>Group total 2019</b>	<b>775</b>	<b>25,928</b>

## Frequency and severity rate<sup>(2)</sup> and lost time<sup>(3)</sup> due to work accidents

Division	Frequency rate		Severity rate		Lost time	
	2020	2019	2020	2019	2020	2019
Lagardère Publishing	8.26	11.86	0.40	0.45	0.11	0.11
Lagardère Travel Retail	5.69	17.16	0.38	0.56	0.12	0.19
Other Activities	8.00	15.38	0.43	0.42	0.03	0.03
<b>Group total 2020</b>	<b>6.42</b>	<b>15.89</b>	<b>0.39</b>	<b>0.53</b>	<b>0.26</b>	<b>0.36</b>

## Social dialogue and health and safety

Indicator	2020	2019	2018
Percentage of the workforce at an entity with a health and safety committee	92	93	94
Percentage of the workforce at an entity with regular health monitoring	67	57	67
Percentage of training hours dedicated to health and safety	8	13	14

Given the specific situation prevailing in 2020, during which a large proportion of the Group's employees were placed on furlough, the reported frequency and severity rates and lost time are likely to have been underestimated insofar as they are based on a theoretical number of hours worked, generally aligned with a legal framework, but which do not reflect the furlough measures resulting from the health crisis.

Furthermore, several formal disputes<sup>(4)</sup> involving harassment, forced labour and discrimination were recorded in 2020.

Of the 23 disputes recorded, 70% concerned entities located in English-speaking countries (United States, Canada, United Kingdom) and 22% were related to entities located in France. Lastly, nearly 50% of disputes concerned a single entity in the United States.

Of the total of six discrimination disputes at this entity, three were decided in favour of the entity further to arbitration (complaint dismissed by the competent authorities), and the other three are still under investigation. Of the three forced labour and two harassment cases, two were settled in favour of the entity further to arbitration (complaint dismissed by the competent authorities), two are still under investigation and one is pending approval of an out-of-court settlement.

Of the five cases of harassment identified in France, two are in the process of being resolved, with investigations having found that there was in fact no harassment, one was settled in favour of the entity further to arbitration (complaint dismissed by the competent authorities) and two are awaiting a hearing (including one on appeal).

(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) Lost time = (number of days of absence x average theoretical number of hours worked per day)/(number of permanent FTEs over the year x average theoretical number of hours worked per year).

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

### 4.3.4 PREVENTING CORRUPTION

Due to the broad diversity of its businesses and those of the outside organisations with which it deals, and its international operations and/or expansion in countries that may be vulnerable to political or legal upheaval, the Group is exposed to risks, including corruption (see section 3.1.3.2).

#### A.1 STRATEGY

The Group has adopted a zero-tolerance policy in respect of corruption. This policy has taken shape in a special compliance programme that has been gradually implemented since 2013. The programme includes an anti-corruption policy applicable to all, setting out the Group's ethical standards.

As such, the Group refuses to promise, offer, authorise, grant, solicit or accept illicit payments or other undue benefits with a view to winning or retaining contracts, illegally influencing the decision-making process, abusing any real or supposed influence on a third party to obtain a favourable decision or any other illegitimate advantage.

Overseen by the Group Compliance Department, this policy is applied through specific procedures that provide a framework for business activities deemed at risk, as well as control processes to ensure procedures are followed. In addition, an ethics whistleblowing line, effective since 2020, can now be used by all Group stakeholders to report any acts of corruption.

#### A.2 APPLICATION

The anti-corruption programme is designed and coordinated centrally by the Group Compliance Department. It has been implemented gradually since 2013 and applied by the operating entities.

On the ground, Compliance Correspondents communicate anti-corruption principles through training and provide operational staff

with assistance and support in analysing risks, carrying out the necessary due diligence on future partners, taking appropriate measures to prevent the occurrence of acts of corruption and answering questions from employees.

Managers and employees are trained in 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.

Details of the measures undertaken in this area are described in section 3.2.6.5 – Description of internal control and risk management procedures – of this Universal Registration Document, in the sub section on business ethics.

#### A.3 PERFORMANCE

Anti-corruption performance is monitored at several levels:

- ▶ twice a year, the subsidiaries prepare a dashboard which includes a progress report on the implementation of anti-corruption procedures, training provided and any incidents, as well as priorities set for the upcoming period;
- ▶ any significant issues are reviewed by the Financial Committee and undergo specific analysis to measure compliance risks, including corruption risk;
- ▶ internal control procedures cover compliance aspects;
- ▶ lastly, internal audit regularly checks the implementation of the anti-corruption programme at the different entities.

## 4.4 CSR, MONITORING OF OTHER INFORMATION

**AFR**

In addition to the information provided for the risk analysis, the section below covers the social, environmental and societal information that the Group monitors as part of its CSR policy, and

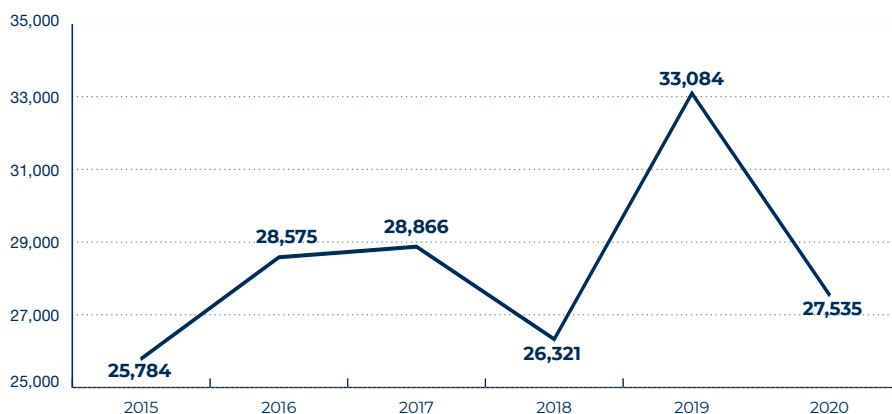
which may supplement the qualitative and quantitative strategic information previously disclosed.

### 4.4.1 SOCIAL INFORMATION

#### A.1 WORKFORCE

The sharp decline in the Group's permanent workforce at 31 December as shown in the chart below is attributable to the health crisis, which hit the Group hard in 2020, especially Lagardère Travel Retail whose headcount declined by 22%.

#### Changes in permanent workforce at 31 December<sup>(1)</sup>



#### Workforce by division at 31 December 2020

Division	Women	Men	Total	2019/2020 change
Lagardère Publishing	4,265	2,689	6,954	1%
Lagardère Travel Retail	12,940	6,415	19,355	-22%
Other Activities	575	651	1,226	-2%
<b>Group total 2020</b>	<b>17,780</b>	<b>9,755</b>	<b>27,535</b>	<b>-17%</b>

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

(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 (less than 1%) despite the controls performed.

## Permanent workforce by age group

Division	Under 30	Age 31-40	Age 41-50	Age 51 and over	Total
Lagardère Publishing	1,349	1,852	1,900	1,853	<b>6,954</b>
Lagardère Travel Retail	6,255	5,234	3,850	4,016	<b>19,355</b>
Other Activities	158	349	339	380	<b>1,226</b>
<b>Group</b>	<b>7,762</b>	<b>7,435</b>	<b>6,089</b>	<b>6,249</b>	<b>27,535</b>
Percentage	55%		22%	23%	

## A.2 SOCIAL DIALOGUE

### Number of collective agreements in force

Indicator	2020	2019	2018
Number of collective agreements in force at 31 December	<b>533</b>	530	381
Number of collective agreements signed during the year	<b>126</b>	105	94

### Percentage of the workforce covered by collective agreements, by type

Type of agreement	Gender balance	Hygiene, safety, working conditions	Inclusion of employees with a disability	Employee welfare benefits	Working hours	Training	Remuneration
<b>Group total 2020</b>	<b>48%</b>	<b>51%</b>	<b>37%</b>	<b>58%</b>	<b>75%</b>	<b>43%</b>	<b>68%</b>
Group total 2019	50%	60%	42%	64%	80%	49%	78%

## A.3 ORGANISATION OF WORKING HOURS

Group entities have set up work organisation schemes that provide the flexibility to meet the specific requirements of their operations, with overtime hours, fixed-term contracts and temporary employment. This flexibility – which is required for the organisation of working time – does not, however, jeopardise the Lagardère group's compliance with legal regulations specific to each country, particularly in terms of working hours and overtime.

Due to the nature of its press and live entertainment production activities, from time to time the Lagardère group calls on the services of specific employee categories, namely freelance journalists, entertainment workers, and other contract employees such as proofreaders and events staff.

Calculated on a full-time equivalent (FTE<sup>(1)</sup>) basis, the total number of non-permanent and temporary workers stood at 8.6% of the Lagardère group's total FTE workforce in 2020, compared with 14.8% in 2019.

### Employees on fixed-term contracts<sup>(2)</sup> (Full-Time Equivalent basis)

Division	2020	2019
Lagardère Publishing	<b>261</b>	451
Lagardère Travel Retail	<b>1,406</b>	2,563
Other Activities	<b>77</b>	70
<b>Group</b>	<b>1,744</b>	<b>3,084</b>

(1) The FTE figure is obtained by adding together all the employees who worked for the Group over the course of the year, based on their standard working hours and the hours they actually worked over the twelve months concerned. For example, an employee who works half a week for six months of the calendar year is counted as 0.25 FTE (0.50 x 0.50). This measure is particularly relevant for analysing the non-permanent workforce, given that reporting a figure as at 31 December would not reflect the actual situation for this occupational group.

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

**Contract employees<sup>(1)</sup> (Full-Time Equivalent basis)**

Division	2020	2019
Lagardère Publishing	54	73
Lagardère Travel Retail	0	58
Other Activities	943	336
<b>Group</b>	<b>997</b>	<b>467</b>

**Number of temporary hours<sup>(2)</sup> worked during the year on a Full-Time Equivalent basis**

Division	2020	2019
Lagardère Publishing	381	639
Lagardère Travel Retail	139	365
Other Activities	3	6
<b>Group</b>	<b>523</b>	<b>1,010</b>

**4.4.2 SOCIETAL INFORMATION****A.1 STRATEGY**

In keeping with its business lines, the Group's approach to corporate citizenship and social involvement in the fields of culture and education is mainly expressed through the Jean-Luc Lagardère Foundation, which was created in 1989 under the auspices of the *Fondation de France*.

The Foundation was set up to implement Lagardère's commitment to culture, community and youth. In view of its mission, the Foundation also promotes social patronage in sports, and works in various other fields such as medicine and science – especially in research and through actions at the level of universities and business schools. The Foundation develops a number of programmes to promote cultural diversity, encourage creation and promote access to education and culture for all. The Lagardère group is also keen for its Foundation to encourage its employees to get involved in their community.

The Lagardère group has demonstrated a long-standing responsibility to the community and to society at large through its range of brands. As a creator of social ties and fully aware of society's expectations, the Group strives, through various partnership or sponsorship operations conducted directly by its operating entities, to make its philanthropic strategy consistent with the following pillars:

- ▶ culture, education, accessibility of content, freedom of expression;
- ▶ the fight against hunger and food waste;
- ▶ health and medical research;
- ▶ social inclusion through sport.

The programmes developed by the Foundation and implemented at business divisions therefore address numerous UN Sustainable Development Goals, especially 1 to 5, 8 to 12 and 16.

**A.2 DEPLOYMENT AND PERFORMANCE****JEAN-LUC LAGARDÈRE FOUNDATION**

At the heart of the Lagardère group's commitment to the creation of culture lies 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: Writer, Film Producer, Television Scriptwriter, Musician (modern music, jazz and classical music), Bookseller, Print Journalist, Photographer, Documentary Film-maker, Animated Film-maker and Digital Artist.

Since the inaugural Jean-Luc Lagardère Foundation Awards in 1990, 332 prize-winners (12 in 2020) have received a total of €6,910,000 including €255,000 awarded in 2020.

Subsequently the winners regularly participate in other programmes run by the Foundation, as illustrated by the examples below:

- ▶ as part of its partnership with the French Academy in Rome, Villa Medici, two of the Foundation's prize-winners were hosted for a one-month residency in 2020;
- ▶ 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, Marin Fouqué (the 2019 Writer's Award winner) was given a digital residency at the end of which an audiovisual creation based on his novel, a sound poetry text set to images, and a piece of Hard Poetry (mixing sound poetry and electronic music of his own composition) were streamed on the Marathon des Mots social networks.

The Foundation also continued its efforts to **promote literature and cultural diversity** in 2020 by supporting literary events at the Institut du Monde Arabe (IMA). Entitled *An hour with...*, this event spotlights an Arabic or French language author every Saturday afternoon around a discussion of the Arab world and the latest in Arabic literature. Nevertheless, the health crisis and the two periods

(1) Contract employees alternate between periods worked and down time to meet the company's specific requirement.

(2) The number of temporary hours worked includes the use of employees from temporary employment agencies. Temporary employees sign a contract under which they provide their services for a fixed period, which is invoiced to the entity. The individual is not registered in the entity's payroll and is paid by the temporary employment agency.

of lockdown limited the number of literary encounters to just 15 in 2020 out of the 25 initially scheduled (eleven encounters organised at the IMA and four digital encounters live on their Facebook page).

This event follows on from the collaboration that has united the Foundation and the IMA for many years in supporting the Arab Literature Prize. Created in 2013 by the Foundation and the IMA, and the only French award to recognise Arabic creative writing, the 2020 edition went to Sudanese writer Abdelaziz Baraka Sakin for his novel *Les Jango* (Éditions Zulma), translated from Arabic by Xavier Luffin. An honourable mention also went to Lebanese writer Dima Abdallah for her novel *Mauvaises herbes* (Éditions Sabine Wespieser).

The Foundation also very much honoured its commitment to promote **access to culture for all** in 2020, 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 seventh edition of the Jules Rimet award, which promotes sports fiction (2020 prize awarded to Jérôme Hallier for his book *Briller pour les vivants*, published by Flammarion), organises writing workshops led by writers to get young footballers involved in reading and writing, and help boost their performance at school. In 2020, these workshops were organised with young Olympique de Marseille footballers and the Olympique Lyonnais women's U15 team;
- ▶ Studio 13/16 at the Centre Pompidou, a venue blending life and art, exclusively for teenagers aged 13 to 16. Open since September 2010, Studio 13/16 has already welcomed nearly 80,000 young people and shown the work of more than a hundred artists and collectives. During the months of closure due to the health crisis, Studio 13/16 remained extremely active by developing creative workshops "beyond the walls" with child welfare homes;
- ▶ Lire pour en sortir, a not-for-profit that runs integration initiatives through reading in prison. In 2020, during the first period of lockdown, it launched a writing contest for detainees on the theme "The epidemic is over, imagine the world of tomorrow". The panel, chaired by Leïla Slimani, awarded prizes to three powerful texts. This year, Lire pour en sortir also developed a programme to bring together detained parents and their children around a book as a means of fighting the dislocation of bonds between parents and children;
- ▶ 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.

The Foundation continued its partnership in 2020 with Sciences Po, which offers adaptable educational programmes for high-level athletes, providing access to top-quality academic training that is suited to the demands of practising sport at a very high level. With no athletic competitions coming up on their agenda due to the Covid-19 crisis, 2020 allowed the athletes in the programme to devote more time to their education and prepare for their future career transition. The five athletes of the 2019-2020 class accordingly sat the Sciences Po Master's entrance exam and were all admitted. Since 2007, 159 students have participated in this programme.

In terms of employee commitment, since 2014 the Jean-Luc Lagardère Foundation has presented up to three annual solidarity

awards (€10,000 each) to community projects sponsored by Lagardère group employees. Two awards were handed out in 2020: one for Kannjawou, an association housing a sailing library, whose purpose is to fight inequalities in access to culture, is to deliver a portable digital library designed by Bibliothèques Sans Frontières (Libraries Without Borders) to the poor and isolated area of Sine Saloum in Senegal; and one for Mécénat Chirurgie Cardiaque, which will be able to fund the care of Ivorian children suffering from serious heart malformations in their country of origin as they await an operation in France, once borders reopen.

## WITHIN THE SUBSIDIARIES

The Group's various entities and divisions continued to engage in various worthy causes over the course of 2020, in all the areas mentioned above and more, and despite the severe toll taken on their business by the crisis. Their support took the form of partnerships, charity events, prizes, competitions and donations. The examples below are not intended to be exhaustive and do not therefore represent the full range of actions undertaken by all Group operating entities and countries.

Hachette Livre's Charitable Action Committee offers funding to organisations supported by employees and focused on the following themes: assisting disadvantaged people and those in distress, integration, inclusion, education, helping lonely or disabled people, combating illiteracy, environmental protection and rehabilitation, and more generally, all charitable or environmental causes. No meetings of the Charitable Action Committee were held in 2020 due to the health and economic situation.

In 2020, Hachette Book Group donated more than 90,000 new books to over 100 charities across the United States and Canada (the count includes items already highlighted in section 4.3.1.3). The US subsidiary took the opportunity to increase its focus on diversity in donated books, and to provide more than 58,000 books to a wide range of organisations that support diversity and whose work is aimed at helping at-risk minorities. Hachette Book Group's partner organisations recognise that these donations help them promote the pleasures and benefits of reading quality books.

In the United Kingdom, Hachette UK was also active in donating books or making them available free of charge during this year of crisis. It set up a dedicated website allowing healthcare staff to access digital books at no charge (nearly 20,000 books were downloaded), in addition to donating nearly 20,000 books to Book Aid International, and to charities and local communities experiencing difficulties in accessing literature during the period. Hachette UK has also made donations to support independent booksellers, as well as to various schools around the world to support teachers and students.

Lastly, in Spain, Anaya rounded out other gestures by providing students with literary works in digital form free of charge in order to reduce the difficulty of accessing them during the months of lockdown.

At Lagardère Travel Retail, the philanthropic commitment in 2020 revolved largely around food donations aimed at limiting food losses resulting from the health crisis. These items are discussed above in section 4.3.2.1, discussing the priority matters of resource preservation and the fight against wastage.

In the United States, Paradies Lagardère has decided to put eliminating hunger at the centre of its corporate citizenship drive. It supports the No Kid Hungry® campaign led by the Share Our Strength charity, working to eliminate hunger in the United States and beyond. As part of the Dine Out for No Kid Hungry® campaign that runs through September, Paradies Lagardère restaurants donate a portion of the price of every cup of coffee sold. It also runs a year-round effort to support the No Kid Hungry campaign by donating 25% of every children's meal served in its airport restaurants,



as well as inspiring initiatives aimed at alleviating hunger in the communities adjacent to airports in Canada. Paradis Lagardère airport terminal stores now support their customers in donating food for distribution to the local population through food banks.

#### CORPORATE FUNCTIONS OF THE LAGARDÈRE GROUP

In various fields ranging from health to the arts and even sports, the Lagardère group made donations of just over €2,000,000 in 2020.

In line with its 2019 commitment to donate €10,000,000 to the American Hospital in Paris over five years, the Group handed over €2,000,000 in 2020.

The Group also made a number of smaller donations, including one to the Paris Opera.

### 4.4.3 ENVIRONMENTAL INFORMATION

#### A.1 ENERGY CONSUMPTION AND CO<sub>2</sub> EMISSIONS (SCOPES 1 AND 2)

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 all 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/m<sup>2</sup>/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	2020	35.1	31.4	66.5
	2019	37.6	33.7	71.3
Lagardère Travel Retail	2020	9.4	151.7	161.1
	2019	12.9	202.6	215.5
Other Activities	2020	5.2	11.4	16.6
	2019	6.7	16.7	23.4
Total	2020	49.7	194.5	244.2
	2019	57.2	253.0	310.2

#### Group GHG emissions, worldwide (in tCO<sub>2</sub>eq)

Division	Year	Scope 1	Scope 2	Total
Lagardère Publishing	2020	7,788	9,235	17,023
	2019	8,395	9,332	17,727
Lagardère Travel Retail	2020	2,013	70,252	72,265
	2019	2,784	92,973	95,757
Other Activities	2020	1,131	1,159	2,290
	2019	1,456	2,666	4,122
Total	2020	10,932	80,646	91,578
	2019	12,635	104,971	117,606

The sharp drop in consumption and emissions in 2020, particularly at Lagardère Travel Retail, was attributable primarily to the health crisis, which hit the business hard, prompting the closure of many stores in the various countries where the Group operates.

In general, the changes in reported energy consumption and greenhouse gas emissions, depending on the division and type of energy, reflect:

► changes in organisational structure, with new entities and/or new buildings entering the environmental reporting scope;

► a better understanding within an entity of the various sources of energy consumption;

► internal organisational changes (often due to refurbishment or renovation works) that may be temporary or permanent, and lead to increases or decreases in energy consumption;

► a change in the emissions factors used to convert energy into CO<sub>2</sub>.

## A.2 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 along with that of certain partners. This refers to the amount of water used at all types of physical sites where employees from the different divisions work (offices, warehouses, retail stores, sports training academies etc.). The table below shows the amount of water used at each subsidiary worldwide in 2020.

In the same way as for energy, the sharp reduction in water consumption in 2020 was a logical outcome of the crisis.

### Group water consumption (cu.m.)

Division	Year	Water (cu.m.)
Lagardère Publishing	2020	57,342
	2019	80,204
Lagardère Travel Retail	2020	329,070
	2019	424,337
Other Activities	2020	119,859
	2019	116,369
Total	2020	506,271
	2019	620,910

## 4.5 CSR METHODOLOGY AND SCOPE

**AFR**

### 4.5.1 SCOPE OF CONSOLIDATION

The reporting system used to collect social, environmental and societal information is deployed in all the consolidated subsidiaries<sup>(1)</sup> 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 ten employees.

Labour, social and environmental data presented in this document are reported using dedicated software covering all consolidated subsidiaries.

Taking the global footprint into account and factoring out the scope exclusions listed above, data on energy consumption and greenhouse gas emissions cover 99.9% of the Group's workforce at 31 December 2020.

Comparative data from one year to the next are on a like-for-like basis. As such, for 2020, the data for fiscal 2019 and 2018 have been recalculated using the scope of consolidation for the 2020 fiscal year as a reference.

### 4.5.2 REFERENCE LIBRARY FOR INDICATORS AND REPORTING METHODS

Labour reporting follows the Group's Human Resources policy, taking the specific needs of each business line and/or geographic area into account. It is based on a library of more than 150 indicators that have been regularly updated, initially in 2006 and again in 2010.

The library of social indicators was reviewed in detail in 2012 in order to make it easier to understand for contributors and more relevant for the Group's divisions and activities, as well as to take account of the provisions of the implementing order of article 225 of France's Grenelle 2 law.

In 2019, the library of social indicators was once again reviewed to streamline and align it with the changes in the Group's organisation.

Rather than using a Group average approach, frequency and severity rates and lost time due to work accidents are now calculated using the number of theoretical hours worked per year per FTE in each of the Group's entities. This calculation method enables the Group to take account of the business and geographical specificities of each subsidiary and thereby generate more representative results.

Environmental reporting follows the Group's sustainable development policy, also taking the specific needs of each business line and/or geographic area into account.

In 2012, specific work was carried out on the environmental indicator reference library to improve its reliability and especially to make it more relevant in view of the Group's many activities. In 2013, the library was reviewed for the purposes of harmonising the methods used for calculating the proportions of certified and recycled paper contained in paper purchases and supplies.

Data on energy consumption disclosed concern the energy used to produce and supply the goods and services related to the Group's activities in France as well as that used to heat and light the premises and sites where the Lagardère group's employees work (offices, storage warehouses and retail stores). Data on electricity consumption also include electricity used by the radio broadcasting sites that are directly managed by the Group. This information has systematically been reported on a per-building basis since 2015, and on a rolling 12-month basis from 1 October to 30 September since 2020. For 2020, to take into account the heavy impact of the crisis on the Lagardère Travel Retail activities and best reflect the correlation, the revenue used to measure carbon intensity covers the same period, from 1 October 2019 to 30 September 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 CO<sub>2</sub> 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.

Greenhouse gas emissions are calculated directly by the Group Sustainable Development and CSR Department based on the energy data mentioned 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.

## 4.6 REPORT OF THE INDEPENDENT THIRD-PARTY ENTITY

**AFR**

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

#### To the General Meeting,

In our quality as an independent third party, accredited by the COFRAC under the number no. 3-1681 (scope of accreditation available on the website [www.cofrac.fr](http://www.cofrac.fr)), and as a member of the network of one of the Statutory Auditors of your entity Lagardère S.C.A. (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31 December 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

#### ENTITY'S RESPONSIBILITY

Pursuant to legal and regulatory requirements, the Managing Partners are responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement and available on request from the entity's registered office.

#### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a quality control system including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, ethical requirements and French professional guidance.

#### 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").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation, or on the compliance of products and services with the applicable regulations.

#### NATURE AND SCOPE OF THE WORK

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 ("CNCC") applicable to such engagements and with ISAE 3000<sup>(1)</sup>:

- ▶ we obtained an understanding of all the consolidated entities' activities and the description of the principal associated risks;
- ▶ we assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- ▶ we verified that the Statement includes each category of social and environmental information set out in article L. 225-102-1 III of the French Commercial Code as well as information set out in the second paragraph of article L. 22-10-36 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 the French Commercial 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; concerning certain risks (tax avoidance, lack control and traceability of products for the Publishing division), our work was carried out on the consolidating entity, for the other risks, our work was carried out on the consolidating entity and on a selection of entities: Lagardère Travel Retail France, Lagardère Travel Retail Italia, Corporate Hachette Livre;
- ▶ 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:

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

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

- 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, 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 12% and 38% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (12% of the workforce, 17% of the tertiary energy consumption, 38% 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.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

## MEANS AND RESOURCES

Our verification work mobilised the skills of five people and took place between September 2020 and March 2021 on a total duration of intervention of about seven weeks.

We conducted six interviews with the persons responsible for the preparation of the Statement including, in particular, the Sustainable Development and CSR Department, the Risk and Internal Control Department, the Human Relations Department, the Technical Department and the Foodservice Department.

## CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

French original signed in Paris-La Défense, 18 March 2021

### Independent third party

#### EY & Associés

Jean-François Bélorgey

Partner

Eric Duvaud

Partner, Sustainable Development

**Appendix 1: The most important information**

Social Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>overall voluntary departure rate, and the rate by socio-professional category.</p> <p>The percentage of women among executives and managers.</p> <p>The percentage of employees who received training at least once in the year.</p> <p>The number of managers who attended awareness/training sessions on diversity over the year.</p> <p>The number of formal disputes involving discrimination.</p> <p>Work-related accident frequency rate.</p>	<p>Actions implemented to ensure diversity and gender balance of human resources.</p> <p>Local outcomes of the internal talent management policy.</p>

Environmental Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>The total weight and percentage of certified and recycled paper.</p> <p>Tertiary energy consumption.</p> <p>CO<sub>2</sub> emissions of scope 1 and 2 per euro of revenue.</p>	<p>The certified and recycled paper purchase process within Lagardère Publishing entities.</p> <p>The analysis of significant sources of greenhouse gas emissions.</p>

Societal Information	
Quantitative Information (including key performance indicators)	Qualitative Information (measures or outcomes)
<p>The percentage of audited countries in food safety in the Foodservice business.</p> <p>The number of formal disputes involving forced labour, child labour and harassment.</p> <p>The percentage of the workforce with employee representation.</p>	<p>Actions taken to guarantee health security, particularly in response to the health crisis.</p> <p>The product safety incident and crisis management process.</p> <p>Actions in favour of human rights, in particular the respect of the fundamental conventions of the ILO.</p> <p>Actions taken to prevent corruption and tax evasion.</p>

## 4.7 APPLICATION OF THE DUTY OF CARE LAW FOR PARENT COMPANIES

**AFR**

### 4.7.1 MAIN POINTS OF THE DUTY OF CARE PLAN

For more than 20 years, the Lagardère group has striven to carry out its businesses while strictly adhering to a certain number of universal principles. The Group's first Code of Ethics dates from 1994 and was subsequently revised in 2005, 2012, 2016 and 2020. It sets out guidelines on integrity and professional conduct for all employees of the Lagardère group. The issues of human rights and fundamental freedoms, and of the health and safety of people and the environment are integral to the principles covered by the Code.

A cross-disciplinary working group was set up in the second half of 2017 to prepare the Group's compliance with French law 2017-339 of 27 March 2017 on the duty of care for parent companies and their contractors. Under the supervision of the Sustainable Development and CSR Department, this committee drew together representatives from all divisions, as well as representatives from the directly affected corporate departments, namely the Group's Legal Department and the Risk, Compliance and Internal Control Department.

The first step involved mapping out the risks linked to the Group's supply chain. At the end of this stage, seven procurement categories

were identified as being most likely to give rise to risks involving Lagardère group subcontractors or suppliers: printing activities and printing-related services, production of paper pulp, wholesale supply of accessories and household items, own-label products sold in stores, disposable items used in restaurants, energy supply (electricity, gas, steam, air-conditioning), and production of plastics.

After the risk mapping process, the operating entities ranked suppliers in order of priority for their supplier assessment plan, which will be implemented over the next several years.

2020 was the third year of the plan's roll-out.

In parallel, the Sustainable Development and CSR Department and Risk, Compliance and Internal Control Department have also been working together more closely to identify any non-financial risks caused by the Group's businesses, using the same methodology used for the Group risk mapping exercise. The risk identification process is detailed in section 4.3.

### 4.7.2 MONITORING

All methods used to monitor measures taken in application of the Group's duty of care can be found in the following sections of this Universal Registration Document:

- ▶ regarding issues relating to respect for human rights and fundamental freedoms, see section 4.3.1.3 on access to and dissemination of education, culture and entertainment, and section 4.3.3 on the general strategy to address these issues;
- ▶ regarding issues relating to personal health and safety, see section 4.3.1.4 on the quality of products and services distributed and sold by the Group, and section 4.3.3.2 on health and safety in the workplace;

- ▶ regarding environmental issues, see section 4.3.2.1 on the issues of natural resource management, anti-waste and the circular economy, and section 4.3.2.2 on energy and carbon impacts.

A set of indicators is used to assess the effectiveness of measures taken in each of these areas, some of which have been in place for many years.

Lastly, in 2019, Lagardère designed and developed a Group-wide, cross-business whistleblowing tool open to all stakeholders. It was officially launched in 2020.

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



# 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 <sup>AFR</sup>

## 5.1 PER SHARE DATA, DIVIDEND POLICY AND SHARE PERFORMANCE

**AFR**

### 5.1.1 PER SHARE DATA

(in euros)	2020 <sup>(3)</sup>		2019 <sup>(3)</sup>		2018 <sup>(1)/(3)</sup>	
	basic	diluted <sup>(2)</sup>	basic	diluted <sup>(2)</sup>	basic	diluted
Profit (loss) attributable to owners of the Parent, per share	(5.11)	(5.11)	(0.12)	(0.12)	1.36	1.34
Equity attributable to owners of the Parent, per share	5.61	5.56	11.73	11.58	13.21	13.04
Cash flow from (used in) operations before change in working capital, per share <sup>(3)</sup>	(0.25)	(0.25)	3.82	3.77	3.39	3.34
Share price at 31 December	20.48		19.43		22.02	
Dividend	-		-		1.30	
Extra dividend	-		-		-	

(1) 2018 data restated for the full retrospective application of IFRS 16.

(2) The method used to calculate diluted earnings per share is described in note 15 to the consolidated financial statements.

(3) In accordance with IFRS 5, Lagardère Sports has been classified as a discontinued operation at 31 December 2020 and 31 December 2019.

Its earnings and cash flows for 2020, 2019 and 2018 were respectively classified in profit (loss) from discontinued operations and net cash from (used in) discontinued operations (see note 4.3 to the consolidated financial statements).

### 5.1.2 DIVIDEND POLICY

Total dividends paid for the years 2017 and 2018 amounted to €168.8 million and €169.7 million, respectively.

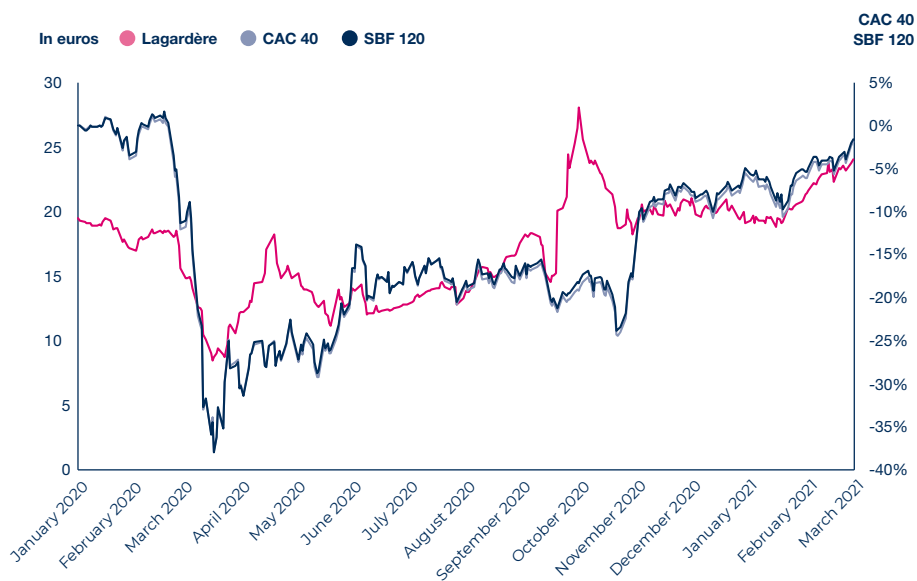
The dividend payouts represented 96.0% and 96.1% of profit attributable to owners of the Parent in 2017 and 2018.

The amendment to the syndicated credit agreement and the state-backed loan signed on 18 December 2020 (see section 1.8.2 of the Universal Registration Document and Note 29.1 to the 2020 consolidated financial statements) stipulates that (i) Lagardère SCA

shall not pay any dividends in 2020 in respect of 2019 or in 2021 in respect of 2020, (ii) the maximum dividend that may be paid in 2022 in respect of 2021 is €0.50 per share, on condition that net debt is less than €2,000 million, (iii) the maximum dividend that may be paid in 2023 in respect of 2022 is €1.30 per share, and (iv) the maximum dividend that may be paid from 2024 onwards is €1.30 per share, with the possibility of an increase in this amount depending on the level of the leverage ratio.

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

### 5.1.3 SHARE PERFORMANCE SINCE JANUARY 2020



## 5.2 PRESENTATION OF THE FINANCIAL POSITION AND CONSOLIDATED FINANCIAL STATEMENTS OF LAGARDÈRE SCA

**AFR**

### Comments on the Lagardère SCA consolidated financial statements at 31 December 2020

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".

Under the impetus of Arnaud Lagardère, General and Managing Partner, the Group launched a strategic refocusing around two priority divisions:

- ▶ Lagardère Publishing: Books, E-books, Mobile Games and Board Games;
- ▶ Lagardère Travel Retail: Travel Essentials, Duty Free & Fashion, and Foodservice.

The Group's business scope also includes "Other Activities", which groups together Lagardère News (*Paris Match* and *Le Journal du Dimanche* magazine titles, Europe 1, RFM and Virgin Radio stations, and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function.

Lagardère Sports and Lagardère Studios were sold on 22 April 2020 and 30 October 2020, respectively.

The main changes in the scope of consolidation between 2019 and 2020 are described in note 4 to the consolidated financial statements.

### 5.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2020	2019
Revenue	4,439	7,211
Recurring operating profit (loss) of fully consolidated companies <sup>(*)</sup>	(155)	378
Income (loss) from equity-accounted companies <sup>(**)</sup>	(58)	6
Non-recurring/non-operating items	(336)	27
of which impact of IFRS 16 on concession agreements <sup>(***)</sup>	(17)	60
Profit (loss) before finance costs and tax	(549)	411
Finance costs, net	(76)	(53)
Interest expense on lease liabilities	(74)	(85)
Income tax benefit (expense)	31	(55)
Profit (loss) from discontinued operations	(20)	(207)
Profit (loss) for the year	(688)	11
Attributable to:		
- Owners of the Parent	(660)	(15)
- Minority interests	(28)	26

(\*) Recurring operating profit of fully consolidated companies is an alternative performance measure taken from the segment information section of the consolidated financial statements (see reconciliation in note 5 to the consolidated financial statements), and is defined as the difference between profit (loss) before finance costs and tax and the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets;
- specific major disputes unrelated to the Group's operating performance;
- items related to leases and to finance sub-leases:
  - excluding gains and losses on leases,
  - excluding depreciation of right-of-use assets under concession agreements,
  - including decreases in lease liabilities under concession agreements,
  - including interest paid on lease liabilities under concession agreements,
  - including changes in working capital relating to lease liabilities under concession agreements.

(\*\*) Before impairment losses.

(\*\*\*) Including gains and losses on leases.

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

**Consolidated revenue** for the Lagardère group came in at €4,439 million for 2020, down 38.4% on a consolidated basis and down 37.9% like for like<sup>(1)</sup>.

The difference between consolidated and like-for-like revenue is essentially attributable to a €44 million negative foreign exchange effect resulting in part from the depreciation of the US dollar. The €40 million negative scope effect was chiefly linked to the sale of TV channels in September 2019 and Lagardère Studios in October 2020. This effect was countered by the favourable impact of Lagardère Travel Retail's acquisition of International Duty Free (IDF) in late September 2019, and by Lagardère Publishing's acquisition of Le Livre Scolaire in January 2020 and of Laurence King in September 2020.

**Revenue for Lagardère Publishing** totalled €2,375 million, down 0.4% on a consolidated basis and down 0.8% like for like. Sales remained stable during the crisis, testifying to the strong resilience of the business, supported mainly by a solid performance from General Literature in its different regions. The difference between consolidated and like-for-like revenue is attributable to the combined impact of a €24 million negative foreign exchange effect resulting mainly from the depreciation of the US dollar, and a €34 million positive scope effect, due notably to the acquisitions of Le Livre Scolaire in January 2020 and Laurence King in September 2020.

In France, revenue for the division retreated 4.3%, hit by the marked decrease in sales during the first-half lockdown. Business was also affected by a smaller impact from curriculum reform versus 2019. However, despite several weeks when bookshops were closed, General Literature reported growth, driven by the first volume of Barack Obama's memoirs, *A Promised Land*, two titles from Guillaume Musso, *La vie est un roman* and *Skidamarink*, Vanessa Springora's novel *Le consentement*, the success of titles from Virginie Grimaldi and Aurélie Valognes, and good momentum at Le Livre de Poche. Launched in 2019, Lagardère Publishing's Board Games division turned in an upbeat performance, buoyed by Gigamic and Blackrock Games. It should be noted that *Oriflamme*, the first game to be published by Studio H, picked up the prestigious "Game of the Year" prize at the 2020 *As d'Or awards*.

In the United Kingdom, revenue increased by 9.9% despite the lockdowns. Revenue growth can be explained by the large number of best-selling titles including J.K. Rowling's *The Ickabog*, Stephenie Meyer's *Midnight Sun*, Delia Owens' *Where the Crawdads Sing*, and Andrzej Sapkowski's *The Witcher* series. There was vigorous growth in digital formats (e-books and audiobooks) during the year, partly attributable to the repeated closures of brick-and-mortar points of sale.

In the United States, revenue was up 3.9%, powered by the success of several novels in the second half, including Stephenie Meyer's *Midnight Sun* and Nicholas Sparks' *The Return*, along with various titles from well-known authors. The success of titles from *The Witcher* series and publications linked to the Black Lives Matter movement also contributed to the year's good performance. Sales of digital formats enjoyed fast-paced growth, rising 17%.

In Spain/Latin America, revenue contracted 16.4%, hit by less extensive school reform and the absence of a new Asterix album in Spain, and by the impacts of the health crisis on the Education and General Literature segments in Mexico.

Revenue from sales of Partworks fell 9.5%, affected by a reduction in the number of launches due to the health crisis, and an unfavourable comparison basis in the first half of 2019, with a string of successes that were not repeated in 2020. Difficulties encountered by Presstalis took a toll on business in France in the first three quarters of 2020.

E-books accounted for 9.5% of total Lagardère Publishing revenue in 2020 versus 7.8% in 2019, while digital audio books represented 4.3% of revenue versus 3.4% in 2019.

**Revenue for Lagardère Travel Retail** totalled €1,720 million, down 59.7% on a consolidated basis and down 60.4% like for like. The positive €51 million scope effect was mainly attributable to the acquisition of International Duty Free (IDF) in Belgium. The currency impact reduced revenue by €20 million.

In France, the division reported a 64.5% contraction in business, reflecting the impact of the government's measures restricting mobility, and in particular air traffic and international travel. The marked fall in sales at airports was partly countered by a smaller decline in sales at railway stations.

The EMEA region (excluding France) retreated 59.3%, affected by travel restrictions and border closures introduced in several countries including Italy, Belgium and the United Kingdom.

North America also reported lower revenue (down 60.4%), with fewer people travelling due to the lockdown measures introduced by various states.

Asia-Pacific revenue was down 56.2%. Revenue trends varied widely across the region, with the Pacific countries particularly starkly affected by the full, prolonged closure of their borders. In contrast, mainland China posted 18.2% revenue growth over the year, led by a significant rally in domestic traffic and strong online sales momentum. Lagardère Travel Retail's new contract in Hainan's Duty Free zone took effect as from mid-December 2020.

**Revenue for Other Activities** totalled €229 million, down 20.5% on a consolidated basis and down 20.7% like for like.

Lagardère News revenue contracted 14.2% in 2020, due mainly to the 27.3% fall in licensing revenue owing to the pandemic. The decline in revenue from Radio (9.4%) and Press (11.9%) activities eased in the second half (after being significantly impacted in the first half by the fall in advertising revenues), thanks to the appeal of radio media for advertisers, along with good demand for press titles.

**Revenue for the non-retained scope** in 2020 was €115 million, down 58.2% on a consolidated basis and down 22.8% like for like. The difference between consolidated and like-for-like data is due to a €124 million negative scope effect linked to the sale of TV channels in September 2019 and Lagardère Studios in October 2020. Lagardère Studios saw its revenue decline in the year due to the halt in most production activities in light of the health crisis.

**Recurring operating profit (loss) of fully consolidated companies** amounted to a loss of €155 million, down €533 million on 2019.

**Based on the target scope**, recurring operating profit (loss) of fully consolidated companies fell by €515 million year on year, to €154 million. Movements in this item can be analysed as follows for each division:

**Lagardère Publishing** reported €246 million in recurring operating profit of fully consolidated companies, up €26 million year on year. Recurring operating profit of fully consolidated companies increased especially strongly in the second half of the year, by 19% to €219 million, following a 25% decline to €27 million in the six months to 30 June 2020. The year-on-year increase was driven by a more favourable format mix (strong growth in e-books and audiobook sales) in the context of the health crisis, and by a stellar rise in backlist sales due to the success of *The Witcher* series, among others.

Growth in recurring operating profit of fully consolidated companies was also attributable to the measures taken to reduce payroll costs along with sales and marketing expenditure.

(1) Based on constant Group structure and exchange rates.

**Lagardère Travel Retail** reported negative **recurring operating profit of fully consolidated companies** of €353 million, down €505 million on 2019. This represents a flow-through ratio of 19.9% on a consolidated basis. In the second half, the flow through was limited to 17%, thanks to cost-cutting measures.

These cost-cutting measures, including a reduction of €605 million in overheads, mainly concern:

- ▶ renegotiation of financial terms (reduction in fixed rental payments, lower rate of variable payments);
- ▶ reduction in the number of points of sale opened and adjusted opening times in line with traffic flows and the health situation;
- ▶ adjustments to payroll costs, with the introduction of furlough in countries where these were available, or failing this, redundancies;
- ▶ reduction in incidental overheads as a result of either cost savings or negotiations (as appropriate), including marketing costs, travel expenses, consulting fees, maintenance and cleaning costs, and royalties paid.

**Other Activities** posted negative **recurring operating profit of fully consolidated companies** of €47 million, down €36 million on 2019 due mainly to lower Radio and Press advertising revenues, and to the adverse impact of one-off-items including Presstalis and temporarily vacant premises following divestments.

Recurring operating profit of fully consolidated companies recorded by the **non-retained scope** was down €18 million year on year to a negative €1 million, reflecting the impact of the business downturn on Lagardère Studios earnings, and the various divestments carried out.

The **loss from equity-accounted companies** (before impairment losses) came in at €58 million in 2020, versus income of €6 million in 2019. This decline reflects the downturn in trading at Lagardère Travel Retail owing to the health crisis, in particular at Société de Distribution Aéroportuaire, Relay @ADP and Lagardère & Connexions.

**Non-recurring/non-operating items** included in profit before finance costs and tax represented net expense of €336 million in 2020, comprising:

- ▶ €151 million in **impairment losses against property, plant and equipment and intangible assets**, including €106 million for Lagardère Travel Retail relating mainly to write-downs of its concessions in Rome (€55 million) and Belgium (€31 million), and to a lesser extent, to closures of points of sale. Impairment losses represented €20 million for Lagardère Publishing, relating mainly to Mexico and Spain. In the non-retained scope, Lagardère Studios goodwill was written down by €19 million;
- ▶ €106 million in **amortisation of intangible assets and expenses relating to acquisitions and disposals**, including €94 million for Lagardère Travel Retail and €11 million for Lagardère Publishing;
- ▶ €55 million in **restructuring costs**, relating mainly to the health crisis and to cost-cutting plans, including €36 million for Lagardère Travel Retail, €10 million for Other Activities and €9 million for Lagardère Publishing;

▶ €7 million in **net losses on disposals**;

- ▶ the €17 million negative **impact of applying IFRS 16 on concession agreements** at Lagardère Travel Retail (including gains and losses on leases). This includes the straight-line depreciation of right-of-use assets, partially offset by proceeds from certain reductions in fixed lease payments in 2020. Other rent reductions continue to be shown as a deduction from right-of-use assets. Fixed rental expenses recognised in recurring operating profit (loss) of fully consolidated companies decreased by €319 million in 2020 compared to 2019.

In 2019, non-recurring/non-operating items represented a net positive amount of €27 million, including (i) €134 million in net disposal gains primarily relating to the disposals of TV channels, BilletReduc and radio operations in Africa; (ii) €42 million in restructuring costs, mainly in connection with the late-2019 redundancy plan put in place for the Group's Corporate function, integration costs following the acquisition of HBF at the end of 2018, and the impacts of concept store closures in Australia at Lagardère Travel Retail and the streamlining of distribution centres in the United Kingdom at Lagardère Publishing; (iv) €91 million in amortisation of intangible assets and expenses relating to acquisitions of consolidated companies, of which €82 million at Lagardère Travel Retail; (v) €34 million in impairment losses, concerning mainly Lagardère Studios; and (vi) a €60 million gain reflecting the positive impact of applying IFRS 16 to concession agreements at Lagardère Travel Retail.

As a result of the above, the **loss before finance costs and tax** came out at €549 million for 2020, versus profit of €411 million one year earlier.

**Net finance costs** came in higher year on year, at €76 million, chiefly reflecting €17 million in write-downs of financial assets at Lagardère Travel Retail and a rise in total debt during 2020.

**Interest expense on lease liabilities** represented €74 million in 2020, versus €85 million in 2019. The €11 million decrease in this item results from the decrease in lease liabilities at Lagardère Travel Retail following the renegotiation of its leases.

The Group booked a positive **income tax** figure of €31 million, an improvement of €86 million compared to 2019. This figure reflects tax income generated by the Travel Retail division's losses in the period (mainly in the United States), as well as the lower income tax charge linked to the downturn in business (mainly in Europe).

**The loss from discontinued operations** amounted to €20 million in 2020 and includes the disposal losses and negative earnings at Lagardère Sports up until its sale in April 2020. The loss from discontinued operations was €207 million in 2019, corresponding to negative earnings and asset impairment at Lagardère Sports.

**Profit (loss) attributable to minority interests** in 2020 was a loss of €28 million, versus profit of €26 million attributable to minority interests in 2019. The year-on-year change chiefly reflects the sharp fall in Lagardère Travel Retail's earnings.

**5.2.2 CONSOLIDATED STATEMENT OF CASH FLOWS****Cash flows**

(in millions of euros)	2020	2019
Cash flow from operating activities before changes in working capital	257	1,099
Decrease in lease liabilities	(236)	(518)
Interest paid on lease liabilities	(49)	(77)
Changes in working capital relating to lease liabilities	(4)	(9)
<b>Cash flow from (used in) operations before changes in working capital and income taxes paid</b>	<b>(32)</b>	<b>495</b>
Changes in working capital	(17)	34
Income taxes paid	(38)	(52)
<b>Cash flow from (used in) operations</b>	<b>(87)</b>	<b>477</b>
Cash used in investing activities	(206)	(502)
- Purchases of intangible assets and property, plant and equipment	(170)	(215)
- Purchases of investments	(36)	(287)
Proceeds from disposals	97	348
- Disposals of intangible assets and property, plant and equipment	1	32
- Disposals of investments	96	316
Interest received	5	7
(Increase) decrease in short-term investments	-	-
<b>Net cash used in investing activities</b>	<b>(104)</b>	<b>(147)</b>
<b>Cash flow from (used in) operations and investing activities</b>	<b>(191)</b>	<b>330</b>
<b>Net cash used in financing activities excluding lease liabilities</b>	<b>(72)</b>	<b>(31)</b>
Other movements	-	8
Net cash used in discontinued operations	-	(99)
<b>Change in cash and cash equivalents</b>	<b>(263)</b>	<b>208</b>

**5.2.2.1 CASH FLOW FROM OPERATIONS AND INVESTING ACTIVITIES**

In 2020, **cash flow from (used in) operations before changes in working capital and income taxes paid (operating cash flow)** represented a net cash outflow of €32 million, compared with a net cash inflow of €495 million in 2019. The 2020 figure breaks down as a net cash outflow of €138 million in the first half and a net cash inflow of €106 million in the second. These figures are primarily a reflection of the adverse impact of the health crisis on Lagardère Travel Retail, partly countered by the good second-half performance at Lagardère Publishing.

**Changes in working capital** represented an outflow of €17 million (inflow of €34 million in 2019), hit by the contraction in the Travel Retail business. The €95 million deterioration in Lagardère Travel Retail's working capital position results from a sharp drop in trade payables, partly countered by lower inventories. The €33 million improvement at Lagardère Publishing reflects a rise in trade payables in line with the business upturn in the second half of the year.

**Income taxes paid** were €14 million lower, totalling €38 million in 2020 versus €52 million in 2019 on account of the trading slump at Lagardère Travel Retail.

Taking account of the above items, **cash flow used in operations** represented an outflow of €87 million in 2020 compared to an inflow of €477 million in 2019.

**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. The balance (outflow of €39 million) stems essentially from Lagardère Publishing's logistics and IT projects in the United Kingdom and new information systems projects in France.

**Purchases of investments** represented an outflow of €36 million in 2020 and relate mainly to Lagardère Publishing's acquisition of Le Livre Scolaire and Laurence King. In 2019, purchases of investments represented an outflow of €287 million and mainly related to the acquisition of the International Duty Free (IDF) group in Belgium and to a lesser extent, the acquisition of Autogrill Czech in the Czech Republic by Lagardère Travel Retail. Purchases of investments also included Lagardère Publishing's acquisitions of Gigamic, Blackrock Games and Short Books in the United Kingdom.

**Disposals of property, plant and equipment and intangible assets** represented an inflow of €1 million in 2020. In 2019, disposals of property, plant and equipment and intangible assets represented an inflow of €32 million, corresponding mainly to the collection of the balance of the amount owed on the 2017 sale of an office building in Levallois-Perret (France), and the sale of Boursier.com business assets.

**Disposals of investments** represented an inflow of €96 million, principally concerning the sale of Lagardère Studios and Lagardère Sports. Disposals of investments in 2019 related mainly to disposals at Lagardère Active as part of the strategic refocusing plan, including the sale of the TV channels in September 2019, of BilletReduc in February 2019, and of South African radio operations in January 2019.

In all, **cash flow from operations and investing activities** represented a net outflow of €191 million in 2020, compared with a net inflow of €330 million in 2019.

## 5.2.2.2 NET CASH USED IN FINANCING ACTIVITIES

**Financing activities** in 2020 represented a net cash outflow of €72 million and include:

- ▶ €13 million in **dividends paid**, essentially to minority interests, including €8 million by Lagardère Travel Retail, particularly in North America, and €5 million by Lagardère Publishing;
- ▶ a €11 million **net increase in debt**, essentially relating to amounts drawn on the syndicated credit line, which showed a net positive balance of €300 million at 31 December 2020, offset by the €293 million net outflow resulting from repayments of commercial paper in 2020;
- ▶ €64 million in **interest paid**, including the payment of €29 million in coupons on the 2016, 2017 and 2019 bond issues, €19 million in relation to currency hedging instruments, €6 million in interest and fees on the syndicated credit line, and €5 million in relation to bank borrowings;
- ▶ **acquisitions of minority interests** representing a cash outflow of €12 million, including an outflow of €9 million at Lagardère Studios prior to its sale to Mediawan, and an outflow of €3 million at Lagardère Travel Retail in Iceland;
- ▶ **purchases and sales of treasury shares**, representing a net inflow of €5 million.



**5.2.3 NET DEBT**

**Net debt** is an alternative performance measure and is calculated based on elements taken from the consolidated financial statements. A reconciliation with those accounting items is presented below:

(in millions of euros)	31 Dec. 2020	31 Dec. 2019
Short-term investments and cash and cash equivalents	687	913
Financial instruments designated as hedges of debt with a positive fair value	16	-
Non-current debt <sup>(*)</sup>	(1,643)	(1,842)
Current debt	(793)	(532)
<b>Net debt</b>	<b>(1,733)</b>	<b>(1,461)</b>

(\*) At 31 December 2019, non-current debt included financial instruments designated as hedges of debt with a negative fair value, representing €8 million.

Changes in net debt during 2020 and 2019 were as follows:

(in millions of euros)	2020	2019
<b>Net debt at 1 January</b>	<b>(1,461)</b>	<b>(1,367)</b>
Cash flow from (used in) operations and investing activities	(191)	330
Interest paid	(64)	(65)
(Acquisitions) disposals of treasury shares	5	(31)
(Acquisitions) disposals of minority interests	(12)	(2)
Dividends	(13)	(201)
Debt related to put options granted to minority shareholders	(14)	(1)
Changes in scope of consolidation	(4)	(20)
Fair value of financial instruments designated as hedges of debt	23	(15)
Impact of classification of assets as held for sale	3	(82)
Effect on cash of changes in exchange rates and other	(5)	(7)
<b>Net debt at 31 December</b>	<b>(1,733)</b>	<b>(1,461)</b>

## 5.3 LAGARDÈRE SCA CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

**AFR**

### Consolidated income statement

(in millions of euros)		2020	2019
Revenue	(Notes 5 and 6)	4,439	7,211
Other income from ordinary activities		41	84
<b>Total income from ordinary activities</b>		<b>4,480</b>	<b>7,295</b>
Purchases and changes in inventories		(1,438)	(2,697)
External charges		(1,473)	(1,847)
Payroll costs		(1,186)	(1,587)
Depreciation and amortisation other than on acquisition-related intangible assets		(187)	(180)
Depreciation of right-of-use assets	(Note 18)	(473)	(546)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses		(109)	(88)
Restructuring costs	(Note 8)	(55)	(42)
Gains (losses) on disposals of assets	(Note 9)	(7)	134
Gains and losses on leases <sup>(*)</sup>	(Note 18)	171	3
Impairment losses on goodwill, property, plant and equipment and intangible assets	(Note 10)	(151)	(34)
Other operating expenses	(Note 11)	(126)	(83)
Other operating income	(Note 12)	63	77
Income (loss) from equity-accounted companies	(Note 20)	(58)	6
<b>Profit (loss) before finance costs and tax</b>	<b>(Note 5)</b>	<b>(549)</b>	<b>411</b>
Financial income	(Note 13)	8	10
Financial expenses	(Note 13)	(84)	(63)
Interest expense on lease liabilities	(Note 18)	(74)	(85)
<b>Profit (loss) before tax</b>		<b>(699)</b>	<b>273</b>
Income tax benefit (expense)	(Note 14)	31	(55)
<b>Profit (loss) from continuing operations</b>		<b>(668)</b>	<b>218</b>
Profit (loss) from discontinued operations <sup>(**)</sup>		(20)	(207)
<b>Profit (loss) for the year</b>		<b>(688)</b>	<b>11</b>
Attributable to:			
Owners of the Parent		(660)	(15)
Minority interests		(28)	26
<i>Earnings per share – Attributable to owners of the Parent:</i>			
<i>Basic earnings (loss) per share (in €)</i>	(Note 15)	<b>(5.11)</b>	(0.12)
<i>Diluted earnings (loss) per share (in €)</i>	(Note 15)	<b>(5.11)</b>	(0.12)
<i>Earnings per share from continuing operations – Attributable to owners of the Parent:</i>			
<i>Basic earnings (loss) per share (in €)</i>	(Note 15)	<b>(4.94)</b>	1.47
<i>Diluted earnings (loss) per share (in €)</i>	(Note 15)	<b>(4.94)</b>	1.46

(\*) 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)	2020	2019
<b>Profit (loss) for the year (1)</b>	<b>(688)</b>	<b>11</b>
Actuarial gains and losses on pensions and other post-employment benefit obligations <sup>(*)</sup>	<b>(7)</b>	(14)
Change in fair value of investments in non-consolidated companies	-	-
<b>Other comprehensive income (expense) for the year, net of tax, that will not be reclassified subsequently to profit or loss (2)</b>	<b>(7)</b>	<b>(14)</b>
Currency translation adjustments	<b>(124)</b>	54
Change in fair value of derivative financial instruments <sup>(*)</sup>	<b>8</b>	(25)
Share of other comprehensive income (expense) from equity-accounted companies <sup>(*)</sup>	-	1
<b>Other comprehensive income (expense) for the year, net of tax, that may be reclassified subsequently to profit or loss (3)</b>	<b>(116)</b>	<b>30</b>
<b>Other comprehensive income (expense) for the year, net of tax (2)+(3)</b>	<b>(123)</b>	<b>16</b>
<b>Total comprehensive income (expense) for the year (1)+(2)+(3)</b>	<b>(811)</b>	<b>27</b>
Attributable to:		
Owners of the Parent	<b>(778)</b>	-
Minority interests	<b>(33)</b>	27

(\*) Net of tax.

## Consolidated statement of cash flows

(in millions of euros)		2020	2019
<b>Profit (loss) from continuing operations</b>		(668)	218
Income tax benefit (expense)	(Note 14)	(31)	55
Finance costs, net	(Note 13)	150	138
<b>Profit (loss) before finance costs and tax</b>		(549)	411
Depreciation and amortisation expense		763	811
Impairment losses, provision expense and other non-cash items		148	14
(Gains) losses on disposals of assets and on leases		(164)	(137)
Dividends received from equity-accounted companies		1	6
(Income) loss from equity-accounted companies	(Note 20)	58	(6)
Changes in working capital	(Note 25)	(21)	25
<b>Cash flow from operating activities</b>		236	1,124
Income taxes paid		(38)	(52)
<b>Net cash from operating activities</b>	(A)	198	1,072
<b>Cash used in investing activities</b>			
- Purchases of intangible assets and property, plant and equipment	(Note 5)	(170)	(215)
- Purchases of investments	(Notes 4.2 and 5)	(40)	(276)
- Cash acquired through acquisitions	(Note 5)	13	3
- Purchases of other non-current assets	(Note 5)	(9)	(14)
<b>Total cash used in investing activities</b>	(B)	(206)	(502)
<b>Cash from investing activities</b>			
Proceeds from disposals of non-current assets			
- Disposals of intangible assets and property, plant and equipment	(Note 5)	1	32
- Disposals of investments	(Notes 4 and 5)	104	339
- Cash transferred on disposals	(Note 5)	(18)	(32)
Decrease in other non-current assets	(Note 5)	10	9
<b>Total cash from investing activities</b>	(C)	97	348
Interest received	(D)	5	7
<b>Net cash used in investing activities</b>	(F)=(B)+(C)+(D)	(104)	(147)
<b>Net cash from operating and investing activities</b>	(G)=(A)+(F)	94	925
<b>Capital transactions</b>			
- Minority interests' share in capital increases by subsidiaries		1	5
- (Acquisitions) disposals of treasury shares		5	(31)
- (Acquisitions) disposals of minority interests		(12)	(2)
- Dividends paid to owners of the Parent <sup>(*)</sup>		-	(172)
- Dividends paid to minority shareholders of subsidiaries		(13)	(29)
<b>Total capital transactions</b>	(H)	(19)	(229)
<b>Financing transactions</b>			
- Increase in debt	(Note 28.1)	334	836
- Decrease in debt		(323)	(573)
<b>Total movements in debt</b>	(I)	11	263
Interest paid	(J)	(64)	(65)
Decrease in lease liabilities	(Note 18) - (J)	(236)	(518)
Interest paid on lease liabilities	(Note 18) - (J)	(49)	(77)
<b>Net cash used in financing activities</b>	(K)=(H)+(I)+(J)	(357)	(626)
<b>Other movements</b>			
- Effect on cash of changes in exchange rates		11	(5)
- Effect on cash of other movements		(11)	13
<b>Total other movements</b>	(L)	-	8
<b>Net cash from (used in) discontinued operations<sup>(**)</sup></b>	(M)	-	(99)
<b>Change in cash and cash equivalents</b>	(N)=(G)+(K)+(L)+(M)	(263)	208
<b>Cash and cash equivalents at beginning of year</b>		868	660
<b>Cash and cash equivalents at end of year</b>	(Note 25)	605	868

(\*) Including the portion of profit for the year paid to the General Partners.

(\*\*) See note 4.3 for more details on the impact of discontinued Operations (IFR 5).

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## Consolidated balance sheet

ASSETS (in millions of euros)		31 Dec. 2020	31 Dec. 2019
Intangible assets	(Note 17)	975	1,135
Goodwill	(Note 16)	1,461	1,564
Right-of-use assets	(Note 18)	1,939	2,859
Property, plant and equipment	(Note 19)	709	811
Investments in equity-accounted companies	(Note 20)	52	73
Other non-current assets	(Note 21)	212	154
Deferred tax assets	(Note 14)	239	210
<b>Total non-current assets</b>		<b>5,587</b>	<b>6,806</b>
Inventories	(Note 22)	498	631
Trade receivables	(Note 23)	1,050	1,068
Other current assets	(Note 24)	675	717
Cash and cash equivalents	(Note 25)	687	913
<b>Total current assets</b>		<b>2,910</b>	<b>3,329</b>
Assets held for sale	(Note 4.3)	-	994
<b>Total assets</b>		<b>8,497</b>	<b>11,129</b>

**Consolidated balance sheet**

EQUITY AND LIABILITIES (in millions of euros)		31 Dec. 2020	31 Dec. 2019
Share capital		800	800
Share premiums		4	9
Reserves and retained earnings		815	843
Profit (loss) for the year attributable to owners of the Parent		(660)	(15)
Other comprehensive income		(234)	(115)
<b>Equity attributable to owners of the Parent</b>		<b>725</b>	<b>1,522</b>
Minority interests	(Note 26)	102	150
<b>Total equity</b>		<b>827</b>	<b>1,672</b>
Provisions for pensions and other post-employment benefit obligations	(Note 27)	108	106
Non-current provisions for contingencies and losses	(Note 27)	174	156
Non-current debt	(Note 28)	1,643	1,842
Non-current lease liabilities	(Note 18)	1,833	2,527
Other non-current liabilities	(Note 31)	45	51
Deferred tax liabilities	(Note 14)	253	278
<b>Total non-current liabilities</b>		<b>4,056</b>	<b>4,960</b>
Current provisions for contingencies and losses	(Note 27)	168	138
Current debt	(Note 28)	793	532
Current lease liabilities	(Note 18)	413	570
Trade payables		1,042	1,249
Other current liabilities	(Note 31)	1,198	1,215
<b>Total current liabilities</b>		<b>3,614</b>	<b>3,704</b>
Liabilities associated with assets held for sale	(Note 4.3)	-	793
<b>Total equity and liabilities</b>		<b>8,497</b>	<b>11,129</b>

## 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
<b>At 31 December 2018</b>	<b>800</b>	<b>23</b>	<b>1,022</b>	<b>(81)</b>	<b>(43)</b>	<b>(7)</b>	<b>1,714</b>	<b>154</b>	<b>1,868</b>
Profit (loss) for the year	-	-	(15)	-	-	-	(15)	26	11
Other comprehensive income (expense) for the year <sup>(a)</sup>	-	-	(14)	-	54	(25)	15	1	16
<b>Total comprehensive income (expense) for the year</b>	<b>-</b>	<b>-</b>	<b>(29)</b>	<b>-</b>	<b>54</b>	<b>(25)</b>	<b>-</b>	<b>27</b>	<b>27</b>
Dividends paid	-	-	(172)	-	-	-	(172)	(29)	(201)
Parent company capital increase/reduction <sup>(b)</sup>	-	(14)	(1)	15	-	-	-	-	-
Minority interests' share in capital increases	-	-	-	-	-	-	-	5	5
Changes in treasury shares	-	-	-	(31)	-	-	(31)	-	(31)
Share-based payments	-	-	7	-	-	-	7	-	7
Effect of transactions with minority interests	-	-	(1)	-	-	-	(1)	-	(1)
Changes in scope of consolidation and other	-	-	10	-	-	(5)	5	(7)	(2)
<b>At 31 December 2019</b>	<b>800</b>	<b>9</b>	<b>836</b>	<b>(97)</b>	<b>11</b>	<b>(37)</b>	<b>1,522</b>	<b>150</b>	<b>1,672</b>
Profit (loss) for the year	-	-	(660)	-	-	-	(660)	(28)	(688)
Other comprehensive income (expense) for the year <sup>(a)</sup>	-	-	(3)	-	(123)	8	(118)	(5)	(123)
<b>Total comprehensive income (expense) for the year</b>	<b>-</b>	<b>-</b>	<b>(663)</b>	<b>-</b>	<b>(123)</b>	<b>8</b>	<b>(778)</b>	<b>(33)</b>	<b>(811)</b>
Dividends paid	-	-	-	-	-	-	-	(13)	(13)
Parent company capital increase/reduction <sup>(b)</sup>	-	(5)	(8)	13	-	-	-	-	-
Minority interests' share in capital increases	-	-	-	-	-	-	-	1	1
Changes in treasury shares	-	-	-	5	-	-	5	-	5
Share-based payments	-	-	5	-	-	-	5	-	5
Effect of transactions with minority interests	-	-	(12)	-	-	-	(12)	12	-
Changes in scope of consolidation and other	-	-	(23)	-	-	6	(17)	(15)	(32)
<b>At 31 December 2020</b>	<b>800</b>	<b>4</b>	<b>135</b>	<b>(79)</b>	<b>(112)</b>	<b>(23)</b>	<b>725</b>	<b>102</b>	<b>827</b>

(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.



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 2020 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](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en).

The new standards and/or amendments to IFRSs adopted by the European Union that are effective for periods beginning on or after 1 January 2020, are as follows:

- ▶ Amendment to IFRS 3 – Definition of a Business.
- ▶ Amendments to IAS 1 and IAS 8 – Definition of Material.
- ▶ Amendments to the IFRS Conceptual Framework.
- ▶ Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform Phase 1.

The impact on the consolidated financial statements of applying these amendments is not significant.

As of 1 January 2020, the Group elected to apply the amendment to IFRS 16 – Covid-19-Related Rent Concessions. Further details are provided in note 18 to the consolidated financial statements.

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 2020:

- ▶ Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 – Interest Rate Benchmark Reform Phase 2.

The new standards and amendments to existing standards published by the IASB at 31 December 2020 which have not yet been endorsed by the European Union and which will be effective subsequent to 2020 are as follows:

- ▶ Amendments to IAS 1 – Classification of Liabilities as Current or Non-current.
- ▶ Annual Improvements to IFRSs (2018–2020 Cycle).

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 Managing Partners on 25 February 2021 and are subject to the approval of the General Meeting of Shareholders on 30 June 2021.

### Measurement principles

The financial statements have been prepared using the historical cost method, except for certain financial assets and liabilities which have been measured at fair value where applicable under IFRS.

### Use of estimates and judgements

The preparation of financial statements requires the use of estimates and assumptions to determine the value of assets and liabilities and contingent amounts at the year-end, as well as the value of income and expenses for the year.

As part of the Group's strategic refocusing around two divisions, initiated in 2018, continued in 2019 and completed in 2020, gains and losses on disposals of the assets of the former Lagardère Active and Lagardère Sports divisions take account of estimates, especially those relating to earn-out clauses and vendor warranties for which provisions have been accrued.

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 IMPACT OF THE COVID-19 PANDEMIC

On 30 January 2020 following the outbreak and rapid spread of Covid-19, the WHO declared a public health emergency.

From March 2020 onwards, the border closures, travel restrictions and lockdown measures introduced to curb the spread of the virus in France, Europe and across the globe led to severe temporary difficulties in operating the Group's various businesses, particularly Travel Retail, the impacts of which were felt first in Asia-Pacific, and then in Europe and North America. Lagardère Publishing was affected as from the second half of March 2020, when its brick-and-mortar points of sale closed in Europe and North America following government-imposed restrictions. Other Activities were affected by the impacts of the health crisis on the advertising market and by the closure of venues. The new measures introduced by governments as from September 2020 to stem the second wave of Covid-19 in Europe and the United States, including curfew measures followed by a new lockdown in certain countries, put additional pressure on trading, particularly for Travel Retail.

In this context, the Group put in place **corrective measures** as from the first quarter in order to mitigate the impacts of the Covid-19 pandemic in its businesses and at the corporate level as far as possible. These included:

- ▶ cancelling the proposed 2019 dividend to be paid in 2020, on the initiative of Arnaud Lagardère and unanimously approved by the Supervisory Board;
- ▶ reducing the remuneration payable to the Executive Committee by 20%, on the initiative of its members, until the summer;
- ▶ creating a Covid-19 Solidarity Fund to finance the Group's initiatives in support of its employees and partners worldwide. The fund is endowed with (i) €5 million deducted from the cash initially set aside to pay the dividend, (ii) the full amount of the reduction in Executive Committee remuneration, and (iii) additional sums voluntarily contributed by Supervisory Board members.

On 25 March 2020, in view of the uncertainty over the duration and scale of the epidemic and government-imposed lockdowns and closures, the Group suspended its market guidance announced on 27 February 2020 for its recurring operating profit of fully consolidated companies for 2020.

As of 30 April 2020, amid persistent uncertainties and the impossibility of accurately and reliably assessing the impacts of the health crisis on revenue and recurring operating profit (loss) of fully consolidated companies, the Group nevertheless estimated that the impact of the revenue decline on its recurring operating profit (loss) of fully consolidated companies could be between 20% to 25% for Lagardère Travel Retail and between 20% and 30% for Lagardère Publishing.

**Lagardère Travel Retail**, which was severely hit due to the business' strong exposure to the air industry, was quick to put in place measures to ensure the health and safety of its employees, customers and partners, while at the same time organising the temporary closure of its network in close cooperation with airports, and cutting costs across the board.

The main measures taken involved: (i) renegotiating the financial terms of its concession agreements, obtaining cancellations of fixed lease payments, a lower rate of variable payments and deferred maturities; (ii) reducing the number of points of sale opened and adjusting opening times in agreement with concession grantors; (iii) reducing payroll costs at all levels, with the introduction of furlough schemes if financed by local government, or of layoffs or pay cuts where no such financing was available; (iv) drastically reducing or revising downwards virtually all non-essential costs (i.e., costs not needed for the company to operate), such as business travel costs, consulting fees, maintenance and cleaning costs and royalties paid.

**Lagardère Publishing** adopted measures to protect earnings and cash, while providing support to the industry hard hit by the crisis. This support included prompt payments to third-party publishers, authors and printers, and extended payment terms for independent booksellers. The main measures adopted included (i) introducing remote working wherever possible; (ii) ensuring that distribution activities continued, along with physical and digital deliveries; (iii) reducing payroll costs, marketing and advertising expenditures and consulting fees payable; and (iv) putting on hold or cancelling investments and deferring certain costs (rent, social security payments, etc.). Lagardère Publishing's revenue for 2020 was virtually the same as the 2019 figure.

In 2020, **Group revenue fell 38% or €2,727 million**, including a decline of €9 million for Lagardère Publishing, €2,544 million for Lagardère Travel Retail and €59 million for Other Activities. This decline had an adverse impact on **recurring operating profit of fully consolidated companies, which was a negative €15 million in the year** (positive €378 million in 2019), reflecting large-scale cost-cutting measures but also unavoidable costs. These mostly relate to overheads, fixed lease payments, payroll costs for idle staff net of any payouts received, and closed points of sale and distribution centres.

At 31 December 2020, in view of the uncertainty as to the duration and scale of the epidemic and the resulting government measures, the Group has adopted assumptions that allow it to assess the impacts of the pandemic on its financial statements using past experience along with other factors deemed reasonable in the circumstances. The Group has drawn up business recovery scenarios in this respect, which have been used within the scope of the cash flow forecasts to test goodwill and other non-current assets for impairment, and to determine the variable components of contingent consideration.

### Impairment tests on goodwill and intangible assets with indefinite useful lives

The impairment tests carried out at the end of the year took into account the Covid-19 pandemic and its far-reaching impact on business operations. Based on these impairment tests, the Group recognised €132 million in **impairment losses** (see note 10), including:

- ▶ €61 million for intangible assets at Lagardère Travel Retail, of which €55 million for the Rome airport concession;
- ▶ €31 million for International Duty Free group goodwill in Belgium at Lagardère Travel Retail;
- ▶ €20 million for goodwill relating to Mexican operations, Brainbow and the Anaya group at Lagardère Publishing;
- ▶ €14 million for property, plant and equipment at Lagardère Travel Retail;
- ▶ €6 million for Bataclan goodwill.

The assumptions used for each division and impairment test sensitivity are detailed in note 10.

### Renegotiations of lease payments under concession agreements

Most lease negotiations with lessors (airports and stations) had been finalised at 31 December 2020. The renegotiated terms take different forms depending on the geographic area concerned as well as the clauses set out in the initial agreements. They may concern:

- ▶ the cancellation of all or part of fixed lease payments or guaranteed minimum payments over a given period and/or the replacement of such payments by variable lease payments;
- ▶ the cancellation of fixed lease payments or guaranteed minimum payments based on applicable contractual conditions;
- ▶ more general revisions to lease payments, lease terms and the premises leased.

Only renegotiated terms effective at 31 December 2020 have been taken into account. The IFRS 16 amendment published in May 2020 was applied where the renegotiated leases met the requisite conditions. Under this amendment, rent concessions obtained in connection with Covid-19 may be recognised as a deduction from lease liabilities against a gain in the income statement.

**At 31 December 2020, lease liabilities and right-of-use assets in respect of concession agreements were reduced by €915 million and €744 million, respectively**, as a result of Covid-19-related lease negotiations. This reduction breaks down as:

- ▶ a reduction in lease liabilities recognised against a gain on leases, representing **€171 million, of which €101 million meets the conditions set out in the IFRS 16 amendment**;
- ▶ a reduction in lease liabilities recognised against right-of-use assets, representing **€530 million in lease modifications and €214 million in lease remeasurements**.

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 positive impact of renegotiated fixed lease payments or guaranteed minimum lease payments obtained in and allocated to the period is included in recurring operating profit (loss) of fully consolidated companies in 2020 in an amount of €362 million.**

The impacts of lease payment negotiations on the consolidated financial statements are described in note 18.

**Counterparty and credit risks**

The Group's exposure to counterparty and credit risks was fairly limited at 31 December 2020.

**Trade receivables**, which totalled €1,050 million, were written down based on the occurrence of default events and on estimated losses in an amount of €26 million, €10 million of which concerns the write-down of amounts due from Presstalis, renamed France Messagerie in July 2020.

**Plan assets managed in connection with post-employment benefits**, which amounted to €280 million at 31 December 2020, including €259 million for the United Kingdom, were not written down at 31 December 2020.

**Inventories – Other receivables**

**Inventories of perishable goods and fashion items** belonging to the Travel Retail business were written down by €18 million at 31 December 2020.

**Amounts receivable on disposals and earn-outs** were also tested for impairment. As a result, impairment losses were recognised in a total amount of €14 million for credit risk associated with buyers and for the risk that the underlying operating targets (i.e., postponement of the tournaments in Asia under the AFC contract) will not be met.

**Grants received or receivable**

Certain entities benefited from state or local authority support packages and **furlough** schemes during the period. These grants amounted to €71 million in 2020, and were recognised as a deduction from the corresponding expense items in the income statement.

**Lagardère Travel Retail restructuring**

The health crisis led to the closure of points of sale for which the Group recognised €36 million in restructuring costs in 2020.

**Deferred taxes recognised on tax losses**

The Group reviewed its tax loss carryforwards at 31 December 2020 and wrote down deferred tax assets at Lagardère Publishing in an amount of €9 million. The utilisation of tax loss carryforwards in 2020 takes account of the future prospects of the entities concerned.

**Liquidity**

At 31 December 2020, the Group's liquidity stood at €1,637 million, comprising €687 million in cash and cash equivalents and an undrawn amount of €950 million on the €1,250 million renewable credit facility granted by a syndicate of the Group's banking partners. In April 2020, the Lagardère group reached an agreement with the aforementioned banking syndicate to waive the covenant (leverage ratio) for June 2020 and December 2020.

In December 2020, the Lagardère group consolidated its financial position by arranging the following, effective from early January 2021:

- ▶ a loan for €465 million, 80% of which is backed by the French state ("PGE"). The maturity of this loan is 12 months, with an extension option for up to five additional one-year periods (exercisable at the Company's discretion at the end of the one-year term);
- ▶ an amendment and extension of its revolving credit facility with its banking partners, which involved adjusting the amount of the facility to €1,102 million and extending the term of a €1,002 million tranche from May 2022 to March 2023.

As a result of this financing, the covenants were redefined to take account of the impacts of the health crisis (see note 29).

The Group considers that it has sufficient liquidity to cover its financing requirements in 2021, both in relation to funding its operations and to repaying €493 million in debt falling due (including €158 million in commercial paper at 31 December 2020). Its analysis adopted a conservative scenario which factors in IATA forecasts as of 3 February 2021 of a 13% year-on-year rise in passenger traffic in 2021 versus 2020 for Lagardère Travel Retail.

**NOTE 2 SCOPE AND METHODS OF CONSOLIDATION****2.1 SCOPE OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the parent company as well as those of entities controlled by the parent company (subsidiaries), jointly-controlled entities (joint ventures) and entities in which the Group exercises significant influence over their management and financial policy decisions (associates). The Group does not have any unconsolidated structured entities.

In accordance with IFRS 10, subsidiaries are all controlled entities. Control results from the following three elements, regardless of the ownership interest held in an entity: (i) the power to direct the entity's key activities (operating and financial activities), (ii) exposure, or rights, to variable returns from the involvement with the entity, and (iii) the ability to use power over the entity to affect the amount of returns from the investment in the entity. For the purpose of assessing power, only substantive rights and rights that are not protective are considered. Substantive rights, such as those conferred in shareholder agreements, are rights that are exercisable when decisions about the direction of key activities need to be made.

A joint venture is an arrangement over which the Group and another party, or parties, have contractually agreed joint control and have rights to the assets, and obligations for the liabilities, relating to the arrangement. Decisions concerning the key activities of a joint venture are submitted to a unanimous vote of Lagardère and its joint venturers.

Associates are entities over which the Group exercises significant influence, i.e., when it has the power to participate in financial and operating decisions but does not have control or joint control. Significant influence is presumed to exist when the Group holds, directly or indirectly, 20% or more of the entity's capital.

**2.2 CONSOLIDATION METHODS**

The consolidation methods used are as follows:

- ▶ **Full consolidation** – All subsidiaries controlled by Lagardère are fully consolidated. The full consolidation method consists of combining the financial statements line by line and recognising minority interests in the net assets of each subsidiary on a separate line in equity and on separate lines in the income statement and comprehensive statement of income. Any changes in Lagardère's ownership interest in a subsidiary that does not result in a loss of control is recognised directly in equity (see note 3.7).
- ▶ **Equity method** – Joint ventures and associates are accounted for using the equity method. Under this method, the investment is initially recognised at cost and is adjusted thereafter for the post-acquisition change in the Group's share of the entity's net assets. If the Group's share of losses of an equity-accounted entity equals or exceeds its interest in that entity, its interest is reduced to zero. After the Group's interest has been reduced to zero, additional losses are provided for only to the extent that the Group has incurred legal or constructive obligations in relation to such losses.

A list of consolidated companies is provided in note 38 to the consolidated financial statements.

### 2.3 CLOSING DATES

The financial statements of all consolidated subsidiaries were closed at 31 December.

### 2.4 TRANSLATION OF FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

The financial statements of foreign subsidiaries are translated into euros as follows:

- ▶ balance sheet items are translated using official year-end exchange rates;
- ▶ income statement items are translated using average exchange rates for the year.

The resulting exchange differences are recognised as a separate component of equity, under "Translation reserve".

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are considered as assets and liabilities of the subsidiary concerned. They are therefore measured in the subsidiary's functional currency and translated at the year-end exchange rate. When a foreign subsidiary is sold, cumulative exchange differences recognised in equity are reclassified to profit or loss.

### 2.5 INTRA-GROUP BALANCES AND TRANSACTIONS

Intra-group balances and transactions are eliminated on consolidation. Impairment losses deducted from the carrying amount of investments in and receivables from consolidated companies are cancelled by adjusting equity, and movements for the year are neutralised in the income statement.

## NOTE 3 ACCOUNTING PRINCIPLES AND VALUATION METHODS

### 3.1 REVENUE

Revenue includes sales of products and services resulting from contracts with customers and is recognised whenever control of the promised goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services.

Revenue recognition methods vary depending on the division, as summarised below:

**Lagardère Publishing:** revenue corresponds mainly to sales of goods and circulation of publications. Sales are shown net of rebates, distribution commissions and the right of return, where applicable. When an entity acts solely as agent, sales represent the net margin.

When a right of return is granted to distributors for unsold items, estimates of the amount of returns are recognised as a refund liability within other current liabilities for the portion relating to the decrease in revenue, or as a refund asset within inventories and other current assets, respectively for the portions relating to inventories and advances paid to authors. The refund liability recognised as a deduction from revenue is estimated on the basis of forecast sales during the year and of historical data regarding returns. This estimate is calculated on a statistical basis using the actual rate of returns for the previous year, adjusted for fluctuations in sales volumes and changes in the operating environment during the current year.

**Lagardère Travel Retail:** revenue mainly comprises retail sales in travel areas and concessions in the Travel Essentials, Duty Free & Fashion and Foodservice segments, as well as retail sales in convenience stores. Revenue is recognised at the point in time of the retail sale. For certain goods and services (sales of prepaid telephone cards, press distribution, etc.), the entity acts as agent and recognises the net commission received as revenue.

**Other Activities and disposals at Lagardère Active:** revenue mainly comprises the sale of advertising space, magazine circulation and television broadcasting, audiovisual broadcasting rights, and income from licences and digital services. For all of these activities, revenue corresponds to advertising receipts, sales of editions, subscriptions, content (audiovisual broadcasting rights) and digital services. Revenue is recognised at the time adverts are broadcast, editions are published, and broadcast rights are opened. 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, the Advertising

Sales Brokerage and audiovisual catalogue Distribution activities – Lagardère Active acts as an agent and revenue corresponds solely to the commission received.

**Lagardère Sports (discontinued operation):** revenue corresponds to the sale of marketing rights management, event production and operations, venue consulting and operations, content production and media rights management, as well as athlete management and brand consulting. Revenue is recognised based on the occurrence of an event. For contracts where the service is performed continuously over time, the corresponding revenue is recognised on a straight-line basis over the term of the lease. Where the Group is considered to be acting as an agent, revenue corresponds solely to the commission received. For multi-year contracts, revenue is allocated on a per-event basis by reference to the weighting defined by the division when the contract was signed (principally based on the financial weighting of each event) and in line with forecasts of revenue expected over the term of the lease.

### 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 in order 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.

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#### = Recurring operating profit

Less:

- ▶ Income from equity-accounted companies before impairment losses

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#### = 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 2020 and 2019 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 correspond to business combinations (acquired investments and businesses), and deconsolidations 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.

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#### = 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.

### 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 and used to **calculate the term** of the lease, is determined by local management for each individual lease, and is reviewed at the end of each reporting period. In December 2019, IFRS-IC published an agenda decision regarding:

- ▶ the enforceable period of renewable leases and cancellable leases where either party can give notice to terminate; and
- ▶ the relationship between the useful life of any related non-removable leasehold improvements and the lease term determined applying IFRS 16.

The agenda decision did not affect the Group's financial statements. The useful lives of non-removable leasehold improvements are generally aligned with the term of the leases to which they relate.

For concession agreements, which account for the bulk of the Group's leases, the term is fixed by the concession grantor. The concession operator (lessee) does not generally have the ability to

extend the term of the concession. Similarly, most concessions are extended through a tender process.

The **discount rates** used, calculated at the start of each lease term, reflect the lessee's incremental borrowing rate. Discount rates applied to euro-denominated leases are determined based on the yield curve for EUR swaps plus the financing component. Discount rates applied to foreign currency leases are determined based on the yield curve for the currency concerned, plus the financing component in the same currency. The rate applied for each lease takes into account the lease payment profile.

### Lease modifications and remeasurements

In the event of a reduction in the lease term or in the surface area leased, the right-of-use asset and lease liability are reduced accordingly in line with the percentage decrease, with the offsetting entry posted to gains and losses on leases in the income statement. The residual lease liability is then adjusted against the right-of-use asset, after discounting the asset at the discount rate revised as of the date of the modification.

Increases in the lease term or in the surface area leased do not generate gains or losses on lease modifications, but lead to the remeasurement of the lease liability using a discount rate revised as of the date of the modification, recognised against an adjustment to the right-of-use asset.

Changes in the amount of the lease stipulated in the lease contract that do not involve modification of the leased surface area or lease term, will lead to a remeasurement of the lease liability with no revision of the discount rate, recognised against an adjustment to the right-of-use asset.

### Presentation in the income statement and in the statement of cash flows

In the income statement, the depreciation charged against right-of-use assets, gains and losses on any lease modifications, and interest expense on lease liabilities are shown on separate lines. The variable portion of lease payments, along with rental expenses under leases with a term of less than 12 months or with a low-value underlying asset, continue to be recorded in the income statement within external charges. When premises are sub-let by the Group, the variable lease payments are recognised in "Other operating expenses", while the income from sub-leasing is included in "Other operating income".

The resulting impact on profit is negative at the commencement of the lease and positive at the end of the lease. The cumulative impact on the lease term is zero in the income statement.

In the consolidated statement of cash flows, the fixed portion of lease payments, previously included in cash flow from operating activities, is presented as a decrease in the lease liability and associated interest expense within net cash flow from financing activities. The variable portion of lease payments continues to be recorded in cash flow from operating activities. IFRS 16 has no impact on the change in net cash and cash equivalents.

### Amendment to IFRS 16 – Covid-19-Related Rent Concessions

In all countries concerned by global air traffic restrictions and subsequent lockdown measures, local management held **negotiations with airports and stations** with a view to obtaining rent relief during the period when air traffic was restricted, and even after that time.

Various forms of **rent relief** were granted by lessors, including for example:

- ▶ the cancellation of all or part of guaranteed minimum payments over a given period and/or the replacement of such payments by variable lease payments;



- ▶ the cancellation of fixed lease payments or guaranteed minimum payments based on applicable contractual conditions;
- ▶ more general revisions to 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 2021 with no substantive changes in other terms and conditions of the lease, **the IFRS 16 amendment was 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 2021, 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:

Buildings	6 to 50 years
Machinery and equipment	3 to 20 years
Other equipment, furniture, fixtures and fittings	2 to 10 years

The depreciable amount corresponds to the cost of the asset less any residual value at the end of its useful life. With the exception of the Group's registered office building, property, plant and equipment are generally considered as having no residual value.

### 3.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The carrying amount of inventories does not include any borrowing costs as they do not meet the requirements for capitalisation under IAS 23 (revised) (see note 3.10).

### 3.12 IMPAIRMENT TESTS

The Group reviews the carrying amount of property, plant and equipment and intangible assets at least once a year at the reporting date to determine whether there is any indication that their value may be impaired. One such indication is evidence that an asset's economic performance is or will be worse than expected. If such an indication exists, the recoverable amount of the asset is estimated and compared with its carrying amount. The recoverable amount of goodwill and intangible assets with an indefinite useful life is estimated at the end of each reporting period, irrespective of whether

there is any indication of impairment. When the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised on goodwill are irreversible.

If it is not possible or pertinent to estimate the recoverable amount of an individual asset, the estimate is performed at the level of the cash-generating unit to which the asset belongs.

Recoverable amount corresponds to the higher of:

- ▶ value in use calculated using the discounted cash flows method, applied to the individual asset or to the cash-generating unit to which the asset belongs;
- ▶ fair value less costs to sell calculated using the market comparables method or a method based on the price of recent transactions involving similar assets.

Cash flow projections are based on the most recent business plans and forecasts, generally covering a period of three years. 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 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 SCA 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 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 2020

The main changes in the scope of consolidation in 2020 were as follows:

#### Lagardère Publishing

- ▶ Acquisition by Hachette Livre SA of Blackrock Games, France's third-largest distributor of board games. Blackrock Games was consolidated in the Group's financial statements with effect from January 2020.
- ▶ Acquisition by Lagardère Publishing in January 2020 of Le Livre Scolaire, a collaborative textbook publisher (paper and digital) and consolidated with effect from February 2020.

- ▶ Acquisition in September 2020 of Laurence King Publishing, a leading specialist in creative arts publishing and stationery in the United Kingdom.

#### Lagardère Sports

- ▶ Disposal of Lagardère Sports to H.I.G. Capital in April 2020 (see note 4.3).

#### Disposal of Lagardère Active assets

- ▶ Disposal of Lagardère Studios to Mediawan in October 2020 for a sale price of €85 million, plus an earn-out of up to €15 million to be collected in 2023 if the Group meets a specific earnings target (see note 9).

## 4.2 BUSINESS COMBINATIONS

The impacts of the business combinations carried out in 2020 on the consolidated financial statements were as follows:

	Provisional purchase price allocation for 2020 business combinations	Final purchase price allocation for 2019 business combinations	Total
Purchase price (A)	41	(5)	36
<b>Allocation to identifiable assets and liabilities</b>			
Non-current assets	11	-	11
Inventories, trade receivables and other assets	21	-	21
Cash and cash equivalents	13	-	13
Trade payables and other liabilities	(18)	-	(18)
Net debt	(4)	-	(4)
Leases: right-of-use assets	1	-	1
Leases: lease liabilities	(1)	-	(1)
Deferred taxes, net	(2)	-	(2)
Minority interests as a proportion of the net assets acquired	(4)	-	(4)
<b>Total identifiable assets and liabilities (B)</b>	<b>17</b>	<b>-</b>	<b>17</b>
<b>Goodwill (euro equivalent at the acquisition date) (A-B)</b>	<b>24</b>	<b>(5)</b>	<b>19</b>
Translation adjustments	-	-	-
<b>Provisional goodwill (euro equivalent at year-end)</b>	<b>24</b>	<b>(5)</b>	<b>19</b>

The impacts shown above result mainly from acquisitions by Lagardère Publishing that were not material taken individually, and from a price adjustment relating to the International Duty Free

(IDF) group acquired in 2019. The impact of the acquisition of the International Duty Free (IDF) group is described in a dedicated paragraph 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:

	2020
Price paid for business combinations in 2020	(41)
Increase in capital at associates and joint ventures	(5)
Price adjustments for prior-period acquisitions	6
<b>Purchases of investments recorded under investing activities in the statement of cash flows</b>	<b>(40)</b>

**International Duty Free (IDF)**

	Provisional opening balance sheet at 31 Dec. 2019	Opening balance sheet adjustments	Final opening balance sheet at 31 Dec. 2020
Purchase price (A)	228	(6)	222
<b>Allocation to identifiable assets and liabilities</b>			
Non-current assets <sup>(*)</sup>	199	-	199
Inventories, trade receivables and other assets	36	-	36
Cash and cash equivalents	-	-	-
Trade payables and other liabilities	(33)	-	(33)
Net debt	(19)	-	(19)
Leases: right-of-use assets	340	-	340
Leases: lease liabilities	(340)	-	(340)
Deferred taxes, net	(40)	-	(40)
<b>Total identifiable assets and liabilities (B)</b>	<b>143</b>	<b>-</b>	<b>143</b>
<b>Goodwill (A-B)</b>	<b>85</b>	<b>(6)</b>	<b>79</b>

(\*) Including €178 million in intangible assets, of which €177 million in respect of concession agreements.

As detailed in note 4.2 to the 2019 consolidated financial statements, on 19 September 2019 Lagardère Travel Retail SAS closed the acquisition of the entire share capital of International Duty Free SA, the holding company for the International Duty Free group ("IDF") for a total cash consideration of around €228 million (including an enterprise value of €250 million). Further to this acquisition, the Group holds seven fully consolidated entities and two equity-accounted entities. IDF is Belgium's leading travel retail operator, and is also present in Luxembourg and Kenya.

The intangible assets recognised during the purchase price accounting represented €177 million and related to concession agreements. Concession agreements are amortised on a straight-line basis over the term of the agreements. The amortisation expense in 2020 was €15 million.

After accounting for a negative €6 million price adjustment in 2020, the final goodwill amount is €79 million, chiefly reflecting IDF's operational and sales expertise, and the capacity of the new group to develop in the future. This goodwill was allocated to the Belgium CGU, which was created in the wake of the acquisition.

At 31 December 2020, the carrying amount of this goodwill was €48 million following the recognition of a €31 million impairment loss as a result of impairment tests carried out (see note 10).

### 4.3 ASSETS HELD FOR SALE, ASSOCIATED LIABILITIES AND DISCONTINUED OPERATIONS

At 31 December 2020, none of the Group's assets (or associated liabilities) met the criteria to be classified as held for sale.

Assets previously classified as held for sale were sold during the year.

#### Disposal of Lagardère Active assets

In October 2020, Lagardère Studios was sold to Mediawan for a sale price of €85 million, plus an earn-out of up to €15 million to be collected in 2023, depending on the achievement of a specific earnings target (see note 9).

At 30 June 2020, goodwill relating to Lagardère Studios, whose estimated sale price less costs to sell was lower than its carrying amount, was written down by €19 million.

#### Lagardère Sports

Lagardère Sports previously represented an operating segment for the Group and was classified as a discontinued operation in accordance with IFRS 5.

The effective sale of Lagardère Sports was completed on 22 April 2020 (see note 4.3.1).

#### 4.3.1 DISCONTINUED OPERATIONS

Net-of-tax earnings for Lagardère Sports in 2020 and 2019 are shown on a separate line of the consolidated income statement, and all related cash flows (relating to operating, investing and financing activities) were classified within "Net cash from (used in) discontinued operations" in the consolidated statement of cash flows.

The €14 million loss on the disposal of Lagardère Sports and the €6 million in negative earnings between 1 January and 22 April 2020 make up the €20 million loss from discontinued operations in 2020.

A breakdown by income statement line of the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 is as follows:

	2020	2019
Revenue	84	470
Other income from ordinary activities	2	-
<b>Total income from ordinary activities</b>	<b>86</b>	<b>470</b>
Purchases and changes in inventories	-	-
External charges	(41)	(191)
Payroll costs	(40)	(145)
Depreciation and amortisation other than on acquisition-related intangible assets	(5)	(60)
Depreciation of right-of-use assets	(3)	(11)
Amortisation of acquisition-related intangible assets and other acquisition-related expenses	-	(7)
Restructuring costs	(3)	(20)
Gains (losses) on:		
- Disposals of assets	(14)	-
Impairment losses on goodwill, property, plant and equipment and intangible assets	-	(234)
Other operating expenses	1	(1)
Other operating income	-	-
<b>Profit (loss) before finance costs and tax</b>	<b>(19)</b>	<b>(199)</b>
Financial income	4	4
Financial expenses	(6)	(5)
Interest expense on lease liabilities	-	(1)
<b>Profit (loss) before tax</b>	<b>(21)</b>	<b>(201)</b>
Income tax benefit (expense)	1	(6)
<b>Profit (loss) from discontinued operations</b>	<b>(20)</b>	<b>(207)</b>
<i>Profit (loss) from discontinued operations – Attributable to owners of the Parent (in millions of euros)</i>	<b>(22)</b>	<b>(206)</b>
<i>Basic earnings (loss) per share (in €)</i>	<b>(0.17)</b>	<b>(1.59)</b>
<i>Diluted earnings (loss) per share (in €)</i>	<b>(0.17)</b>	<b>(1.57)</b>

A breakdown by cash flow statement line of the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 is as follows:

	2020	2019
Net cash from (used in) operating activities	(7)	49
Net cash used in investing activities	(84)	(40)
Net cash used in financing activities	(3)	(12)
Total other movements	(1)	(1)
<b>Net cash inflows (outflows)</b>	<b>(95)</b>	<b>(4)</b>
Cash and cash equivalents and intra-group cash flows at beginning of period	-	(99)
Reclassification of cash flows within assets held for sale and associated liabilities	95	4
<b>Net cash from (used in) discontinued operations</b>	<b>-</b>	<b>(99)</b>

#### 4.4 2019

The main changes in the scope of consolidation in 2019 were as follows:

##### Lagardère Publishing

- Acquisition by Hachette Livre in February 2019 of Gigamic, a French board game publisher.
- Acquisition by Octopus Publishing in May 2019 of Short Books, a reputed health and nutrition book publisher.

##### Lagardère Travel Retail

- Acquisition by Lagardère Travel Retail SAS on 19 September 2019 of the International Duty Free (IDF) group, Belgium's leading Travel Retail operator also present in Luxembourg and Kenya. IDF was consolidated in the Group's financial statements as from October 2019.
- Acquisition in June 2019 of Autogrill Czech in the Czech Republic. Autogrill Czech specialises in Foodservice operations in stations and shopping centres.

##### Lagardère Sports

- Disposal in March 2019 of the 60% interest in SIS Développement, a network of sports facilities.
- On 14 December 2019, the Lagardère group received an offer from H.I.G. Capital for a 75% stake in Lagardère Sports. The planned disposal valued Lagardère Sports at approximately €110 million. In accordance with IFRS 5, the corresponding disposal group was classified as held for sale in the balance sheet at 31 December 2019 and as a discontinued operation in the 2019 income statement (see note 4.3).

##### Assets sold and pending disposal at Lagardère Active

- Disposal on 31 January 2019 of the Boursier.com website and its financial markets information and publishing activities, previously held by Lagardère Active subsidiary Newsweb, to the Les Échos-Le Parisien group.
- Disposal on 7 February 2019 of the 20% interest held by LARI in Jacaranda FM Proprietary Limited, owner of Jacaranda FM, South Africa's number 1 private radio station, to the Kagiso Media group. Mediamark, the Group's associated advertising sales brokerage partner, was sold on 28 February 2019.
- Disposal on 14 February 2019 of the following magazine publishing assets in France to Czech Media Invest: *Elle* and its various extensions, *Version Femina*, *Art & Décoration*, *Télé 7 Jours* and its various extensions, *France Dimanche*, *Ici Paris* and *Public*.
- Disposal on 28 February 2019 of BilletReduc.com to the Fnac-Darty group.
- Disposal on 28 February 2019 of Plurimedia to Media Press Group.
- Disposal on 17 July 2019 of Mezzo to the Les Echos-Le Parisien and Canal+ groups.
- Disposal on 2 September 2019 of the television business (excluding Mezzo) to the M6 group. The business includes Gulli and its international extensions, Canal J, Tiji, Elle Girl TV, MCM, MCM Top, RFM TV, and the related advertising sales brokerages.
- Disposal on 1 October 2019 of Disney Hachette Presse.
- Disposal on 31 December 2019 of Carson Prod to Franck Saurat Productions.

## NOTE 5 SEGMENT INFORMATION

Under the impetus of Arnaud Lagardère, General and Managing Partner, the Group launched a strategic refocusing around two priority divisions, Lagardère Publishing and Lagardère Travel Retail. The Group restructured in 2019 in the wake of the successive disposals of Lagardère Active and Lagardère Sports assets.

Its internal reporting is now based on a **target business scope**, comprising:

- **Lagardère Publishing**, which includes the Group's Book Publishing and e-Publishing businesses, covering such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Mobile Games, Board Games and Distribution.
- **Lagardère Travel Retail**, which consists of retail operations in transit areas and concessions in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice.

The target scope also includes **"Other Activities"**, which groups together Lagardère News (*Paris Match* and *Le Journal du Dimanche* magazine titles, Europe 1, RFM and Virgin Radio stations, and the

Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function. The Corporate function is used primarily to report the effect of financing obtained by the Group and the net operating costs of Group holding companies.

**Assets sold or disposals pending completion relating to the former Lagardère Active division (Lagardère Studios) and Lagardère Sports** are being monitored separately.

**Lagardère Sports** was sold on 22 April 2020 and **Lagardère Studios** on 30 October 2020.

The data presented by division were calculated using the same accounting rules and methods as those used in the consolidated financial statements and described in the accompanying notes. The data include key alternative performance measures.

Transactions between business divisions are generally carried out on arm's length terms.

Comparative information takes into account the reallocation of goodwill in 2019.

## 5.1 SEGMENT INFORMATION

## 2020 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	Lagardère Sports
Revenue	2,379	1,720	229	4,328	115	4,443	84
Inter-segment revenue	(4)	-	-	(4)	-	(4)	-
<b>Consolidated revenue</b>	<b>2,375</b>	<b>1,720</b>	<b>229</b>	<b>4,324</b>	<b>115</b>	<b>4,439</b>	<b>84</b>
Other income from ordinary activities	4	18	21	43	(2)	41	2
<b>Total income from ordinary activities</b>	<b>2,379</b>	<b>1,738</b>	<b>250</b>	<b>4,367</b>	<b>113</b>	<b>4,480</b>	<b>86</b>
<b>Recurring operating profit (loss) of fully consolidated companies</b>	<b>246</b>	<b>(353)</b>	<b>(47)</b>	<b>(154)</b>	<b>(1)</b>	<b>(155)</b>	<b>(2)</b>
Income (loss) from equity accounted companies before impairment losses	2	(59)	(1)	(58)	-	(58)	-
Restructuring costs	(9)	(36)	(10)	(55)	-	(55)	(3)
Gains (losses) on disposals	-	-	(6)	(6)	(1)	(7)	(14)
Disposals of assets	-	-	(6)	(6)	(1)	(7)	(14)
Fair value adjustments due to change in control	-	-	-	-	-	-	-
Impairment losses <sup>(*)</sup>	(20)	(106)	(6)	(132)	(19)	(151)	-
Fully consolidated companies	(20)	(106)	(6)	(132)	(19)	(151)	-
Amortisation of acquisition-related intangible assets	(7)	(97)	-	(104)	-	(104)	-
Expenses related to acquisitions and disposals	(4)	-	(1)	(5)	-	(5)	-
Purchase price adjustment	-	3	-	3	-	3	-
Impact of IFRS 16 on concession agreements	-	(17)	-	(17)	-	(17)	-
Gains and losses on leases	-	171	-	171	-	171	-
Depreciation of right-of-use assets	-	(401)	-	(401)	-	(401)	-
Decrease in lease liabilities	-	175	-	175	-	175	-
Interest paid on lease liabilities	-	32	-	32	-	32	-
Changes in working capital relating to lease liabilities	-	6	-	6	-	6	-
<b>Profit (loss) before finance costs and tax</b>	<b>208</b>	<b>(665)</b>	<b>(71)</b>	<b>(528)</b>	<b>(21)</b>	<b>(549)</b>	<b>(19)</b>
<b>Items included in recurring operating profit (loss) of fully consolidated companies</b>							
Depreciation and amortisation of property, plant and equipment and intangible assets	(36)	(138)	(10)	(184)	(3)	(187)	(5)
Depreciation of right-of-use assets – Buildings and other	(32)	(16)	(23)	(71)	(1)	(72)	(3)
Cost of free share plans	(3)	(1)	(1)	(5)	-	(5)	-

(\*) Impairment losses on goodwill, property, plant and equipment and intangible assets.



## 2019 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	Lagardère Sports
Revenue	2,395	4,264	288	6,947	275	7,222	470
Inter-segment revenue	(11)	-	-	(11)	-	(11)	-
<b>Consolidated revenue</b>	<b>2,384</b>	<b>4,264</b>	<b>288</b>	<b>6,936</b>	<b>275</b>	<b>7,211</b>	<b>470</b>
Other income from ordinary activities	6	31	38	75	9	84	-
<b>Total income from ordinary activities</b>	<b>2,390</b>	<b>4,295</b>	<b>326</b>	<b>7,011</b>	<b>284</b>	<b>7,295</b>	<b>470</b>
<b>Recurring operating profit (loss) of fully consolidated companies</b>	<b>220</b>	<b>152</b>	<b>(11)</b>	<b>361</b>	<b>17</b>	<b>378</b>	<b>64</b>
Income (loss) from equity accounted companies before impairment losses	1	4	1	6	-	6	-
Restructuring costs	(12)	(14)	(15)	(41)	(1)	(42)	(20)
Gains (losses) on disposals	-	(1)	142	141	(7)	134	-
Disposals of assets	-	(1)	142	141	(8)	133	-
Fair value adjustments due to change in control	-	-	-	-	1	1	-
Impairment losses <sup>(*)</sup>	-	(6)	(2)	(8)	(26)	(34)	(234)
<i>Fully consolidated companies</i>	-	(6)	(2)	(8)	(26)	(34)	(234)
Amortisation of acquisition-related intangible assets	(6)	(79)	-	(85)	-	(85)	(1)
Expenses related to acquisitions and disposals	(1)	(2)	-	(3)	(1)	(4)	(6)
Purchase price adjustment	(1)	(1)	-	(2)	-	(2)	(2)
Impact of IFRS 16 on concession agreements	-	60	-	60	-	60	-
Gains and losses on leases	-	3	-	3	-	3	-
Depreciation of right-of-use assets	-	(475)	-	(475)	-	(475)	-
Decrease in lease liabilities	-	460	-	460	-	460	-
Interest paid on lease liabilities	-	64	-	64	-	64	-
Changes in working capital relating to lease liabilities	-	8	-	8	-	8	-
<b>Profit (loss) before finance costs and tax</b>	<b>201</b>	<b>113</b>	<b>115</b>	<b>429</b>	<b>(18)</b>	<b>411</b>	<b>(199)</b>
<b>Items included in recurring operating profit (loss) of fully consolidated companies</b>							
Depreciation and amortisation of property, plant and equipment and intangible assets	(34)	(130)	(11)	(175)	(5)	(180)	(60)
Depreciation of right-of-use assets – Buildings and other	(32)	(15)	(24)	(71)	-	(71)	(12)
Cost of free share plans	(3)	(2)	(1)	(6)	-	(6)	(1)

(\*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

## 2020 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	Lagardère Sports and elimi- nations
Cash flow from (used in) operating activities	355	(102)	(42)	211	25	236	(7)
Decrease in lease liabilities <sup>(*)</sup>	(32)	(190)	(12)	(234)	(2)	(236)	(3)
Interest paid on lease liabilities <sup>(*)</sup>	(11)	(34)	(4)	(49)	-	(49)	-
Cash flow from (used in) operations before income taxes paid	312	(326)	(58)	(72)	23	(49)	(10)
Income taxes paid	(50)	(6)	21	(35)	(3)	(38)	-
Cash flow from (used in) operations	262	(332)	(37)	(107)	20	(87)	(10)
Net cash used in investing activities relating to intangible assets and property, plant and equipment	(39)	(120)	(7)	(166)	(3)	(169)	(6)
- Purchases	(39)	(121)	(7)	(167)	(3)	(170)	(6)
- Proceeds from disposals	-	1	-	1	-	1	-
Free cash flow	223	(452)	(44)	(273)	17	(256)	(16)
<i>o/w free cash flow before changes in working capital</i>	155	(344)	(44)	(233)	(6)	(239)	7
Net cash from (used in) investing activities relating to investments	(29)	3	85	59	1	60	(78)
- Purchases	(31)	(2)	(2)	(35)	(1)	(36)	(10)
- Proceeds from disposals	2	5	87	94	2	96	(68)
Interest received	2	1	2	5	-	5	-
(Increase) decrease in short term investments	-	-	-	-	-	-	-
Cash flow from (used in) operations and investing activities	196	(448)	43	(209)	18	(191)	(94)

(\*) Cash flows relating to lease liabilities are shown within net cash from financing activities in the consolidated statement of cash flows.

## 2019 statement of cash flows

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	Lagardère Sports and elimi- nations
Cash flow from (used in) operating activities	306	797	(8)	1,095	29	1,124	69
Decrease in lease liabilities <sup>(*)</sup>	(32)	(475)	(12)	(519)	1	(518)	(12)
Interest paid on lease liabilities <sup>(*)</sup>	(10)	(66)	(1)	(77)	-	(77)	(1)
Cash flow from (used in) operations before income taxes paid	264	256	(21)	499	30	529	56
Income taxes paid	(43)	(26)	24	(45)	(7)	(52)	(20)
Cash flow from (used in) operations	221	230	3	454	23	477	36
Net cash used in investing activities relating to intangible assets and property, plant and equipment	(35)	(156)	15	(176)	(7)	(183)	(48)
- Purchases	(35)	(162)	(11)	(208)	(7)	(215)	(48)
- Proceeds from disposals	-	6	26	32	-	32	-
Free cash flow	186	74	18	278	16	294	(12)
<i>o/w free cash flow before changes in working capital</i>	151	87	(12)	250	10	260	28
Net cash from (used in) investing activities relating to investments	(30)	(244)	306	32	(3)	29	8
- Purchases	(32)	(249)	(3)	(284)	(3)	(287)	(1)
- Proceeds from disposals	2	5	309	316	-	316	9
Interest received	2	3	2	7	-	7	-
(Increase) decrease in short term investments	-	-	-	-	-	-	-
Cash flow from (used in) operations and investing activities	158	(167)	326	317	13	330	(4)

(\*) 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 2020**

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Segment assets	3,140	3,971	631	7,742
Investments in equity-accounted companies	30	16	6	52
Segment liabilities	(1,999)	(2,674)	(561)	(5,234)
<b>Capital employed</b>	<b>1,171</b>	<b>1,313</b>	<b>76</b>	<b>2,560</b>
Assets held for sale and associated liabilities				-
Net cash and cash equivalents (net debt)				(1,733)
Equity				827

**Balance sheet at 31 December 2019**

	Lagardère Publishing	Lagardère Travel Retail	Other Activities and eliminations	Total
Segment assets	3,187	5,310	652	9,149
Investments in equity-accounted companies	29	37	7	73
Segment liabilities	(1,910)	(3,756)	(624)	(6,290)
<b>Capital employed</b>	<b>1,306</b>	<b>1,591</b>	<b>35</b>	<b>2,932</b>
Assets held for sale and associated liabilities <sup>(*)</sup>				201
Net cash and cash equivalents (net debt)				(1,461)
Equity				1,672

(\*) Assets held for sale and associated liabilities include Lagardère Sports and the Audiovisual Production business at Lagardère Active (see note 4.3).

**5.2 INFORMATION BY GEOGRAPHICAL SEGMENT****Revenue**

	2020	2019
France	1,248	2,034
European Union (excl. France)	1,482	2,415
Other European countries	69	147
United States and Canada	1,109	1,752
Middle East	22	34
Asia-Pacific	406	690
Other (Africa, Latin America)	103	139
<b>Total</b>	<b>4,439</b>	<b>7,211</b>

**Segment assets**

	31 Dec. 2020	31 Dec. 2019
France	2,110	2,170
European Union (excl. France)	2,619	3,429
Other European countries	173	202
United States and Canada	2,288	2,582
Middle East	19	23
Asia-Pacific	482	682
Other (Africa, Latin America)	51	61
<b>Total</b>	<b>7,742</b>	<b>9,149</b>

**Purchases of intangible assets and property, plant and equipment**

	2020	2019
France	42	55
European Union (excl. France)	41	58
Other European countries	-	2
United States and Canada	63	71
Middle East	-	1
Asia-Pacific	22	25
Other (Africa, Latin America)	2	3
<b>Total</b>	<b>170</b>	<b>215</b>

**NOTE 6 REVENUE**

Revenue decreased by 38% in 2020 on a consolidated basis and by 38% based on comparable Group structure and exchange rates (like-for-like).

The like-for-like change in revenue is calculated by comparing:

- ▶ 2020 revenue to exclude companies consolidated for the first time during the year, and 2019 revenue to exclude companies divested in 2020;
- ▶ revenue for 2019 and revenue for 2020 adjusted based on the exchange rates applicable in 2019.

The difference between consolidated and like-for-like revenue is essentially attributable to a €44 million negative foreign exchange effect resulting in part from the depreciation of the US dollar. The €40 million negative scope effect was chiefly linked to the sale of TV channels in September 2019 and Lagardère Studios in October 2020. This effect was countered by the favourable impact of Lagardère Travel Retail's acquisition of International Duty Free (IDF) in late September 2019, and by Lagardère Publishing's acquisition of Le Livre Scolaire in January 2020 and of Laurence King in September 2020.

Revenue breaks down as follows:

	2020	2019
<b>Lagardère Publishing</b>	<b>2,375</b>	<b>2,384</b>
Education	323	347
Illustrated Books	332	312
General Literature	1,061	1,034
Partworks	265	294
Other	394	397
<b>Lagardère Travel Retail</b>	<b>1,720</b>	<b>4,264</b>
Travel Essentials	752	1,613
Duty Free & Fashion	598	1,692
Foodservice	370	960
<b>Other Activities</b>	<b>229</b>	<b>288</b>
Press	100	121
French Radio	100	110
Other	29	58
<b>Lagardère Active – non-retained assets</b>	<b>115</b>	<b>275</b>
Audiovisual Production	115	218
TV channels	-	49
Other	-	8
<b>Total</b>	<b>4,439</b>	<b>7,211</b>

**NOTE 7 EMPLOYEE DATA****7.1 NUMBER OF EMPLOYEES**

The average number of employees of fully consolidated companies (excluding seconded employees) breaks down as follows by division:

	2020	2019
Lagardère Publishing	7,310	7,443
Lagardère Travel Retail	11,417	16,216
Other Activities (target scope)	1,185	1,286
Lagardère Active – non-retained assets	1,023	1,744
<b>Total</b>	<b>20,935</b>	<b>26,689</b>

**7.2 PAYROLL COSTS**

	2020	2019
Wages and salaries	1,033	1,332
Payroll taxes	148	249
Share-based payments	5	6
<b>Total</b>	<b>1,186</b>	<b>1,587</b>

**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 characteristics of outstanding free share awards relating both to continuing operations and discontinued operations (Lagardère Sports) are shown below.

**Free share award plans**

From 2017 to 2019, the Group set up plans to award free shares to employees, the Co-Managing Partners and members of the Enlarged Committee. The number of shares awarded under these plans was as follows:

- ▶ 6 April 2017 plans: 817,660 shares;
- ▶ 16 April 2018 plans: 812,460 shares;
- ▶ 8 April 2019 plans: 474,990 shares;
- ▶ 14 May 2019 plans: 232,370 shares;
- ▶ 10 October 2019 plans: 100,000 shares.

For Group employees who are beneficiaries of the 6 April 2017, 16 April 2018, 8 April 2019 and 10 October 2019 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 Co-Managing Partners and the members of the Enlarged Committee, who are beneficiaries of the 6 April 2017, 16 April 2018, 14 May 2019 and 10 October 2019 plans, the shares will only vest subject to:

- ▶ the beneficiaries remaining with the Group until at least 6 April 2020, 17 April 2021, 15 May 2022 and 11 October 2022, respectively, under the 2017, 2018 and 2019 plans;
- ▶ and:
  - for plans awarded in 2018 and earlier, achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met;
  - for plans awarded in 2019, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (recurring operating profit of fully consolidated companies, free cash flow, and proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SCA’s Total Shareholder Return), with no adjustment to the corresponding plan expense if these objectives are not met.

**Assumptions used to calculate fair value**

The assumptions underlying the plans for which an expense was recognised in the 2020 and 2019 financial statements were as follows:

	10 October 2019 Plan	14 May 2019 Plan	8 April 2019 Plan	16 April 2018 Plan	6 April 2017 Plan
Share price at grant date (€)	19.97	22.16	23.46	23.13	27.51
Expected dividend payout rate (%)	6.5	5.9	5.5	5.6	4.7

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 in 2020 amounted to €5 million versus €7 million in 2019 (including €6 million relating to continuing operations).

**NOTE 8 RESTRUCTURING COSTS****2020**

In 2020, restructuring costs amounted to €55 million and chiefly related to the implementation of streamlining programmes and cost reduction plans in the operating divisions, as follows:

- ▶ €36 million at Lagardère Travel Retail relating mainly to restructuring and layoff measures introduced following the closure of points of sale in regions affected by health restrictions, and to the discontinuation of on-board sales activities;
- ▶ €10 million at Other Activities, resulting partly from the ongoing cost-cutting plan at Lagardère News and partly from restructuring measures following the slump in trading due to the health crisis;
- ▶ €9 million at Lagardère Publishing relating to the streamlining of distribution centres in the United Kingdom.

**2019**

In 2019, restructuring costs amounted to €42 million and chiefly related to the implementation of streamlining programmes and cost reduction plans in the operating divisions, as follows:

- ▶ €15 million at Other Activities in connection with the implementation of a redundancy plan within the Group's Corporate function as from end-2019;
- ▶ €14 million at Lagardère Travel Retail including integration costs related to the acquisition of the Hojeij Branded Foods (HBF) group at the end of 2018 as well as concept store closure costs;
- ▶ €12 million at Lagardère Publishing primarily relating to the streamlining of distribution centres in the United Kingdom.

**NOTE 9 CAPITAL GAINS AND LOSSES****2020**

In 2020, the Group recorded a net loss of €7 million relating to the following major transactions:

- ▶ a €12 million pre-tax loss booked on the disposal of Lagardère Studios to Mediawan in October 2020;
- ▶ a €5 million gain relating to extinguished guarantees that had been granted in connection with previous disposals.

**2019**

In 2019, the Group recorded a net gain of €137 million relating to the following major transactions:

- ▶ a €99 million pre-tax gain on the September 2019 sale of TV channels to the M6 group;
- ▶ an €18 million pre-tax gain on the February 2019 sale of BilletReduc to the Fnac-Darty group;
- ▶ a €13 million pre-tax gain on the February 2019 sale of the minority interest held in the South African radio Jacaranda;
- ▶ a €6 million pre-tax gain on the sale of Mezzo to the Les Echos-Le Parisien and Canal+ groups on 17 July 2019;
- ▶ a €5 million earn-out on the 2017 sale of the office building in Levallois-Perret (France).



**NOTE 10 IMPAIRMENT LOSSES ON GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

The impairment losses recorded in 2020 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Lagardère Publishing	15	15	973	1,013	43	41	1,016	1,054
Lagardère Travel Retail	12	12	357	414	85	103	442	517
Other Activities:	4	4	131	137	30	30	161	167
- <i>Lagardère News (Press and Radio)</i>	2	2	111	111	21	21	132	132
- <i>Entertainment</i>	2	2	20	26	9	9	29	35
<b>Total</b>	<b>31</b>	<b>31</b>	<b>1,461</b>	<b>1,564</b>	<b>158</b>	<b>174</b>	<b>1,619</b>	<b>1,738</b>

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	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Lagardère Publishing</b>	<b>15</b>	<b>15</b>	<b>973</b>	<b>1,013</b>	<b>43</b>	<b>41</b>	<b>1,016</b>	<b>1,054</b>
Anaya, Larousse and other	4	4	220	232	2	2	222	234
Hachette UK Holding group	1	1	305	318	24	25	329	343
Hachette Book Group (United States)	1	1	287	313	-	-	287	313
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	49	38	17	14	66	52
<b>Lagardère Travel Retail</b>	<b>12</b>	<b>12</b>	<b>357</b>	<b>414</b>	<b>85</b>	<b>103</b>	<b>442</b>	<b>517</b>
North America	1	1	220	241	77	95	297	336
Belgium	1	1	49	85	-	-	49	85
Pacific	1	1	30	29	-	-	30	29
Czech Republic	1	1	33	34	-	-	33	34
France	1	1	12	12	-	-	12	12
Asia	1	1	8	8	-	-	8	8
Other	6	6	5	5	8	8	13	13
<b>Other Activities</b>	<b>4</b>	<b>4</b>	<b>131</b>	<b>137</b>	<b>30</b>	<b>30</b>	<b>161</b>	<b>167</b>
Lagardère News (Press and Radio)	2	2	111	111	21	21	132	132
Entertainment	2	2	20	26	9	9	29	35
<b>Total</b>	<b>31</b>	<b>31</b>	<b>1,461</b>	<b>1,564</b>	<b>158</b>	<b>174</b>	<b>1,619</b>	<b>1,738</b>

### Impairment tests

The estimated future cash flows used in the impairment tests are based on the internal budgets drawn up at the end of the year. They are determined using key assumptions and assessments that factor in the effects of the economic environment – as identified at the date of the budget – on forecast future cash flows for the coming three years.

In 2020, the full budget preparation process takes account of a longer forecast period for Travel Retail business plans (up to 2030) and, depending on the region, also includes assumptions that the Group's trading will be back at 2019 levels between 2022 and 2025.

In the context of the crisis and given the prevailing uncertainties, these forecasts reflect the Group's best estimates at the reporting date and are corroborated by trends in passenger traffic published by external bodies such as the IATA.

The cash flows are discounted using a post-tax discount rate specific to each business. A perpetuity growth rate – which is also specific to each business – is used for periods beyond those covered in the budgets. These discount rates were recalculated for the impairment tests in the final quarter of 2020 using the same methodology and sample of comparable companies as at end-2019.

The discount rates used for each business were as follows in 2020, 2019 and 2018:

(%)	Discount rate			Perpetuity growth rate		
	2020	2019	2018	2020	2019	2018
Lagardère Publishing (*)	7.40	7.03	6.53	1.50	1.50	1.50
Lagardère Travel Retail	8.00	5.07	5.01	2.50	2.50	2.50
<b>Other Activities:</b>						
Lagardère News – Press	8.52	7.46	6.42	0.00	0.00	0.00
Lagardère News – Radio	8.08	6.64	5.89	1.50	1.50	1.50
Entertainment	7.56	6.68	5.97	2.00	2.00	2.00

(\*) A perpetuity growth rate of 2.00% was used for certain Digital activities at Lagardère Publishing.

The discount rates applied are calculated based on the average financial returns observed during the year for samples of companies operating in comparable business sectors. These are provided by an independent financial organisation and may vary based on share prices and the organisation's assessment of the macro- and micro-economic outlook. The discount rate for the Travel Retail division incorporates a risk premium in order to reflect uncertainties as to the recovery of the industry.

The samples used are reviewed and updated every year in order to take account of changes in the competitive environment and market participants. This can lead to an elimination of certain components of the basket whose business models are not judged to be sufficiently correlated to the Group's, and inversely, to the addition of new components. There were no significant changes in the basket of sample companies used in 2020 compared with 2019, or in those used in 2019 compared with 2018.

### Recognised impairment losses

Total impairment losses recognised by consolidated companies in 2020 amounted to €151 million, including €76 million for goodwill, €61 million for intangible assets and €14 million for property, plant and equipment at Lagardère Travel Retail. The main impairment losses break down as follows:

- ▶ €61 million for intangible assets at Lagardère Travel Retail, of which €55 million for the Rome airport concession (€34 million of which had already been written down at 30 June 2020);
- ▶ €31 million for International Duty Free group goodwill in Belgium at Lagardère Travel Retail;
- ▶ €20 million for goodwill relating to Mexican operations, Brainbow and the Anaya group at Lagardère Publishing;
- ▶ €19 million for goodwill at Lagardère Studios recognised in June 2020 prior to its disposal, in order to write down the carrying amount of the disposal group to its sale price (see note 4.3);
- ▶ €14 million for property, plant and equipment at Lagardère Travel Retail, particularly in Germany, the United States, Poland and Italy;
- ▶ €6 million for Bataclan goodwill.

Total impairment losses recognised in 2019 amounted to €34 million, including €26 million for goodwill and €8 million for property, plant and equipment, mainly at Lagardère Travel Retail. The main impairment losses on goodwill broke down as follows:

- ▶ €22 million to write down a portion of the goodwill allocated to the Audiovisual Production CGU following its classification within assets held for sale (see note 4.3);
- ▶ €4 million to write down LabelBox goodwill allocated to the Digital CGU (Lagardère Active) following its classification within assets held for sale. LabelBox was sold in the second half of 2019.

At 31 December 2019, a write-down of €234 million was taken against the goodwill (€145 million) and intangible assets (€89 million) allocated to the Sports CGU. This write-down was included in net profit (loss) from discontinued operations in the consolidated income statement following the classification of the Sports CGU within discontinued operations (see note 4.3).

### Sensitivity of impairment tests to changes in key budget assumptions

The operating forecasts contained in the Group's budgets are based on assumptions. Changes in these assumptions directly impact the calculation of value in use and may give rise to the recognition of impairment losses or influence the amount of any impairment recognised.

The key assumptions used for the forecasts relate to expected developments in the following main areas:

- ▶ Publishing: market trends, market share and profit margins; overhead rates determined based on established action plans.
- ▶ Travel Retail: trading expected to get back in line with 2019 levels between 2022 and 2025; passenger volumes and average spend per customer for each platform (airports, railway stations, etc.); lease payments for retail points of sale.
- ▶ Other Activities: advertising market trends and market share for all media (radio, television, press and Internet); market trends for the magazine publishing business in France, including the impact on advertising revenue; changes brought about by the switch to digital; the cost of paper; and the brand licensing market.

These assumptions incorporate differentiated levels of risk that depend on the degree of visibility and the ability to anticipate the impact of changes in the economic environment on the future performance of the Group's different businesses.

The main areas of uncertainty identified that have a bearing on the assumptions used in the budgets are described below:

### Other Activities

- ▶ Brand licensing revenue

Brand licensing revenue, relating particularly to Elle, was included in the budget plans taking into account expected revenue trends for the next three years.

For the period beyond the years covered by the budget, a change corresponding to an annual decrease of 2% in brand licensing revenue compared with the assumptions used at end-2020 would result in an €14 million impairment loss, excluding the impact of any corporate cost reduction measures that may be implemented.

At 31 December 2020, the residual amount of goodwill and intangible assets with indefinite useful lives for all Lagardère News Press and Radio CGUs amounted to €132 million.

**Lagardère Travel Retail**

Compared to the assumptions taken into account in the cash flow forecasts used in the impairment tests at 31 December 2020, the one-year delay to the period during which trading is expected to get back in line with 2019 levels did not give rise to any additional impairment of goodwill or intangible assets with indefinite useful lives allocated to Lagardère Travel Retail CGUs.

**Sensitivity of impairment tests to changes in discount rates and perpetuity growth rates**

The following tables show the potential effects on impairment losses of an increase or decrease in the discount rates and perpetuity growth rates applied to test the value of assets at 31 December 2020.

The tables include sensitivity to a maximum 2% increase in the discount rate, which is higher than the increases observed for 2019 and 2018.

**Lagardère Publishing: (Increase) decrease in impairment losses**

(in millions of euros) Change in perpetuity growth rate	Change in discount rate <sup>(*)</sup>									
	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%	
-1%	-	-	-	(7)	(19)	(28)	(40)	(54)	(66)	
-0.5%	-	-	-	-	(9)	(20)	(30)	(43)	(56)	
0%	-	-	-	-	-	(11)	(22)	(32)	(45)	
+0.5%	-	-	-	-	-	-	(13)	(24)	(34)	
+1%	-	-	-	-	-	-	(3)	(15)	(26)	

(\*) The discount rate used for the 2020 impairment tests was 7.40%.

At 31 December 2020, a one-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 €31 million for the Anaya-Bruño group, €7 million for Education Management and €3 million for Hatier.

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 €43 million for the Anaya-Bruño group, €13 million for Hatier, €9 million for Education Management and €2 million for Le Livre Scolaire.

**Lagardère Travel Retail: (Increase) decrease in impairment losses**

(in millions of euros) Change in perpetuity growth rate	Change in discount rate <sup>(*)</sup>									
	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%	+2%	
-1%	-	-	-	-	-	(2)	(11)	(19)	(26)	
-0.5%	-	-	-	-	-	-	(7)	(16)	(24)	
0%	-	-	-	-	-	-	(3)	(12)	(20)	
+0.5%	-	-	-	-	-	-	-	(8)	(17)	
+1%	-	-	-	-	-	-	-	(3)	(13)	

(\*) The discount rate used for the 2020 impairment tests was 8.00%.

At 31 December 2020, 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 €26 million for the Belgium CGU.

**Other Activities: (Increase) decrease in impairment losses**

(in millions of euros)	Change in discount rate <sup>(*)</sup>								
	Change in perpetuity growth rate	-2%	-1.5%	-1%	-0.5%	0%	+0.5%	+1%	+1.5%
-1%	-	-	-	(1)	(2)	(3)	(4)	(5)	(6)
-0.5%	-	-	-	-	(1)	(2)	(4)	(5)	(6)
0%	-	-	-	-	-	(1)	(3)	(4)	(5)
+0.5%	-	-	-	-	-	-	(1)	(3)	(4)
+1%	-	-	-	-	-	-	-	(2)	(3)

(\*) The discount rates used for the 2020 impairment tests were 8.52% for the Press CGU, 8.08% for the Radio CGU and 7.56% for the Entertainment CGU.

At 31 December 2020, 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 €6 million for the Live Entertainment CGU.

**NOTE 11 OTHER OPERATING EXPENSES**

	2020	2019
Net change in asset impairment losses	(99)	(50)
Financial expenses other than interest	(1)	(2)
Foreign exchange losses	(4)	(1)
Other operating expenses	(22)	(30)
<b>Total</b>	<b>(126)</b>	<b>(83)</b>

The net change in asset impairment losses includes impairment losses for Lagardère Publishing taken against advances paid to authors totalling €39 million in 2020 and €35 million in 2019.

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 €54 million in 2020 and €14 million in 2019.

Other expenses mainly comprise variable rental expenses in respect of retail premises sub-let to partners at a Chinese airport by Lagardère Travel Retail, for which the associated income is billed and recognised in other operating income (see note 12).

**NOTE 12 OTHER OPERATING INCOME**

	2020	2019
Net reversals of provisions for contingencies and losses	13	18
Operating subsidies	7	13
Audiovisual tax credit	6	7
Other tax credits	2	1
Other operating income	35	38
<b>Total</b>	<b>63</b>	<b>77</b>

The amount recorded under "Other income" mainly comprises sub-leasing income invoiced by Lagardère Travel Retail entities in China under airport concession agreements. The corresponding rental expenses incurred under these concession agreements are recognised in other operating expenses (see note 11).

Net reversals of provisions for contingencies and losses primarily relate to the Other Activities segment in 2020 and 2019.

**NOTE 13 NET FINANCE COSTS**

Financial income and expenses break down as follows:

	2020	2019
Interest income on loans	3	3
Investment income and gains on sales of marketable securities	3	4
Gain arising on changes in the fair value of financial assets	1	2
Other financial income	1	1
<b>Financial income</b>	<b>8</b>	<b>10</b>
Interest expense on borrowings	(59)	(56)
Loss arising on changes in the fair value of financial assets	(20)	(5)
Other financial expenses	(5)	(2)
<b>Financial expenses</b>	<b>(84)</b>	<b>(63)</b>
<b>Total</b>	<b>(76)</b>	<b>(53)</b>

Net finance costs amounted to €76 million for 2020, an increase of €23 million on the prior year. The change in this item primarily reflects the increase in expenses arising on changes in the fair value of financial assets, including an impairment loss of €17 million at

Lagardère Travel Retail, and an increase in cost of debt including the full-year expense on the *Schuldscheindarlehen* private placement and interest on amounts drawn down on the syndicated credit facility. 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:

	2020	2019
Current taxes	(32)	(47)
Deferred taxes	63	(8)
<b>Total</b>	<b>31</b>	<b>(55)</b>

In 2020, the Group recorded income tax expense of €31 million, a €86 million decrease on the 2019 figure, chiefly reflecting:

- ▶ €23 million in recognised tax loss carryforwards relating to US federal taxes, owing to the slump in trading and the disposal of Lagardère Sports Inc.;
- ▶ €15 million in reversals of deferred tax liabilities in connection with the €55 million impairment loss recognised by Lagardère Travel Retail on Rome airport concession agreements;

- ▶ €15 million relating to the reduction in current income tax expense due to the slump in trading, mainly in Italy and Spain;
- ▶ €14 million in deferred tax assets arising on net finance costs carried forward and tax losses carried forward in the United States;
- ▶ €11 million relating to the net positive impact of changes in deferred taxes on provisions and on the amortisation of acquisition-related intangible assets.

## 14.2 TAX PROOF

The following table reconciles income tax reported in the income statement to the theoretical income tax expense for 2020 and 2019:

	2020	2019
Profit (loss) before tax	(699)	273
(-) Income (loss) from equity-accounted companies	58	(6)
<b>Profit of fully consolidated companies before tax</b>	<b>(641)</b>	<b>267</b>
Theoretical tax expense <sup>(*)</sup>	205	(92)
<b>Effect on theoretical tax expense of:</b>		
Different tax bases for capital gains and losses <sup>(**)</sup>	5	40
Different tax bases for impairment losses on goodwill and other intangible assets	(24)	(10)
Different tax rates on earnings of foreign subsidiaries	(37)	13
Tax credits and tax incentives	7	3
Limitation on deferred taxes	(16)	(3)
Effect of changes in tax rates on deferred taxes	-	(3)
Tax loss carryforwards used (recognised) in the year <sup>(***)</sup>	(107)	(8)
Impact of deferred tax asset recognised on tax loss carryforwards	-	-
Impact of discontinued operations	-	8
Permanent differences and other items	(2)	(3)
<b>Effective income tax expense</b>	<b>31</b>	<b>(55)</b>

(\*) Calculated at the French standard rate (32.02% in 2020 and 34.43% in 2019).

(\*\*) 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 2020 and 2019 concerned the following assets and liabilities:

	31 Dec. 2020	31 Dec. 2019
Intangible assets	(224)	(252)
Property, plant and equipment	(19)	(12)
Non-current financial assets	-	(4)
Inventories	15	18
Provisions for pension benefit obligations	22	22
Right-of-use assets and lease liabilities	78	55
Other provisions	72	68
Other working capital items	99	118
<b>Temporary differences (gross amount)</b>	<b>43</b>	<b>13</b>
Write-down of deferred tax assets	(181)	(132)
<b>Temporary differences (net amount)</b>	<b>(138)</b>	<b>(119)</b>
Tax loss carryforwards	124	51
Tax credits	-	-
<b>Net deferred tax asset (liability)</b>	<b>(14)</b>	<b>(68)</b>
Deferred tax assets	239	210
Deferred tax liabilities	(253)	(278)

At 31 December 2020, the Group also has tax loss carryforwards arising in the French tax group headed by Lagardère SCA representing more than €285 million (tax base).

## 14.4 CHANGES IN DEFERRED TAXES

	2020	2019
<b>Net deferred tax asset (liability) at 1 January</b>	(68)	(29)
Income tax expense recognised in the income statement	63	(8)
Deferred tax recognised directly in equity	(5)	8
Reclassification as assets held for sale and associated liabilities	-	-
Net cash from (used in) discontinued operations	-	(4)
Effect of change in scope of consolidation and exchange rates	(4)	(35)
<b>Net deferred tax asset (liability) at 31 December</b>	<b>(14)</b>	<b>(68)</b>

The negative €4 million impact of changes in scope of consolidation and exchange rates in 2020 is mainly attributable to the disposals of Lagardère Sports and Lagardère Studios (see note 4.2).

Deferred taxes recognised directly in equity can be analysed as follows:

	31 Dec. 2020	31 Dec. 2019
Investments in non-consolidated companies	-	-
Cash flow hedges	(5)	1
Actuarial gains and losses on pensions and other post-employment benefit obligations	21	24
<b>Total</b>	<b>16</b>	<b>25</b>



**NOTE 15 EARNINGS PER SHARE****Basic earnings per share**

Earnings per share is 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 ordinary shares are free shares, when it is probable that they will vest at the vesting date set in the plan (specific case of performance shares). In view of the loss from continuing operations (Group share), there was no dilutive effect. The loss from discontinued operations (Group share) was however impacted by the dilutive effect.

	2020	2019
<b>Profit (loss) for the year attributable to owners of the Parent (in millions of euros)</b>	<b>(660)</b>	<b>(15)</b>
Number of shares making up the share capital at 31 December	131,133,286	131,133,286
Treasury shares	(1,590,628)	(2,276,966)
Number of shares outstanding at 31 December	129,542,658	128,856,320
Average number of shares outstanding during the year	129,199,489	129,364,564
<b>Basic earnings (loss) per share – Attributable to owners of the Parent (in euros)</b>	<b>(5.11)</b>	<b>(0.12)</b>
Dilutive share options and free shares:		
Share options	-	-
Free shares	1,159,960	1,593,549
Average number of shares including dilutive share options and free shares	130,359,449	131,015,125
<b>Diluted earnings (loss) per share – Attributable to owners of the Parent (in euros)</b>	<b>(5.11)</b>	<b>(0.12)</b>
<b>Profit (loss) from continuing operations – Attributable to owners of the Parent (in millions of euros)</b>	<b>(638)</b>	<b>191</b>
Basic earnings (loss) per share from continuing operations – Attributable to owners of the Parent (in euros)	(4.94)	1.47
Diluted earnings (loss) per share from continuing operations – Attributable to owners of the Parent (in euros)	(4.94)	1.46
<b>Profit (loss) from discontinued operations – Attributable to owners of the Parent (in millions of euros)</b>	<b>(22)</b>	<b>(206)</b>
Basic earnings (loss) per share from discontinued operations – Attributable to owners of the Parent (in euros)	(0.17)	(1.59)
Diluted earnings (loss) per share from discontinued operations – Attributable to owners of the Parent (in euros)	(0.17)	(1.57)

**NOTE 16 GOODWILL**

	2020	2019
<b>At 1 January</b>	<b>1,564</b>	<b>1,624</b>
Gross amount	1,943	2,668
Accumulated impairment losses	(379)	(1,044)
Acquisitions <sup>(*)</sup>	19	68
Goodwill written off following disposal or deconsolidation <sup>(**)</sup>	-	(8)
Impairment losses <sup>(***)</sup>	(57)	(26)
Translation adjustments	(65)	28
Classification within assets held for sale <sup>(****)</sup>	-	(126)
Other movements	-	4
<b>At 31 December</b>	<b>1,461</b>	<b>1,564</b>
Gross amount	1,888	1,943
Accumulated impairment losses	(427)	(379)

(\*) Including for 2020: Le Livre Scolaire for €19 million, Laurence King Publishing for €3 million, Blackrock Games for €2 million, Short Books for €1 million, and the International Duty Free group for a negative €6 million.

Including for 2019: International Duty Free group for €85 million, Hojeij Branded Foods group for €36 million, Gigamic for €8 million, Worthy Book for €6 million, Short Books for €3 million and Nova Veranda for €2 million.

(\*\*) Including for 2019: Lagardère Sports Tennis & Golf for €4 million, Mezzo for €2 million and L'Usine for €2 million.

(\*\*\*) Including for 2020: International Duty Free group for €31 million, the Lagardère Publishing Mexico CGU for €13 million, the Bataclan CGU for €6 million, Brainbow for €4 million, and the Anaya group for €3 million.

Including for 2019: Audiovisual Production CGU for €22 million and Labelbox for €4 million.

(\*\*\*\*) Including for 2019: assets classified as held for sale (see note 4.3): loss in value of Lagardère Sports goodwill for €145 million and of Audiovisual Production for €22 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	Sports rights	Concession agreements	Other	
<b>At 1 January 2019</b>	<b>41</b>	<b>173</b>	<b>565</b>	<b>994</b>	<b>353</b>	<b>2,126</b>
Acquisitions	-	3	-	-	19	22
Changes in scope of consolidation	-	31	-	200	11	242
Disposals/Derecognition	-	-	-	(2)	(24)	(26)
Discontinued operations	-	(2)	(557)	-	(16)	(575)
Assets held for sale	-	(4)	-	-	5	1
Reclassifications	(1)	(23)	-	(1)	2	(23)
Translation adjustments	-	4	-	10	6	20
<b>At 31 December 2019</b>	<b>40</b>	<b>182</b>	<b>8</b>	<b>1,201</b>	<b>356</b>	<b>1,787</b>
Acquisitions	-	1	-	-	52	53
Changes in scope of consolidation	-	4	-	-	7	11
Disposals/Derecognition	-	-	-	(18)	(13)	(31)
Reclassifications	-	1	(8)	(2)	14	5
Translation adjustments	-	(10)	-	(38)	(16)	(64)
<b>At 31 December 2020</b>	<b>40</b>	<b>178</b>	<b>-</b>	<b>1,143</b>	<b>400</b>	<b>1,761</b>

**Amortisation and impairment losses**

	Intangible assets with indefinite useful lives		Intangible assets with finite useful lives			Total
	Publication titles	Other	Sports rights	Concession agreements	Other	
<b>At 1 January 2019</b>	<b>(36)</b>	<b>(33)</b>	<b>(350)</b>	<b>(306)</b>	<b>(205)</b>	<b>(930)</b>
Amortisation	-	(1)	-	(79)	(27)	(107)
Impairment losses	-	-	-	(1)	-	(1)
Changes in scope of consolidation	-	-	-	-	(3)	(3)
Disposals/Derecognition	-	-	-	2	21	23
Discontinued operations	-	2	342	-	10	354
Assets held for sale	-	1	-	-	(2)	(1)
Reclassifications	1	19	-	-	-	20
Translation adjustments	-	(1)	-	(3)	(3)	(7)
<b>At 31 December 2019</b>	<b>(35)</b>	<b>(13)</b>	<b>(8)</b>	<b>(387)</b>	<b>(209)</b>	<b>(652)</b>
Amortisation	-	-	-	(97)	(31)	(128)
Impairment losses	-	-	-	(60)	(1)	(61)
Changes in scope of consolidation	-	-	-	-	(1)	(1)
Disposals/Derecognition	-	-	-	18	12	30
Reclassifications	-	(13)	8	34	(25)	4
Translation adjustments	-	1	-	13	8	22
<b>At 31 December 2020</b>	<b>(35)</b>	<b>(25)</b>	<b>-</b>	<b>(479)</b>	<b>(247)</b>	<b>(786)</b>

**Carrying amounts**

<b>At 31 December 2019</b>	<b>5</b>	<b>169</b>	<b>-</b>	<b>814</b>	<b>147</b>	<b>1,135</b>
<b>At 31 December 2020</b>	<b>5</b>	<b>153</b>	<b>-</b>	<b>664</b>	<b>153</b>	<b>975</b>

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 are within a range of between 0.05% and 8.93%.

Changes in right-of-use assets and lease liabilities were as follows in 2020 and 2019:

**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 2020	3,871	778	4,649	(1,467)	(323)	(1,790)	2,404	455	2,859
New leases	333	11	344				333	11	344
Depreciation				(400)	(73)	(473)	(400)	(73)	(473)
Impairment losses				-	-	-	-	-	-
Translation adjustments	(105)	(22)	(127)	47	10	57	(58)	(12)	(70)
Lease modifications	(530)	17	(513)				(530)	17	(513)
Lease remeasurements	(214)	3	(211)				(214)	3	(211)
Changes in scope of consolidation	-	(15)	(15)	-	12	12	-	(3)	(3)
Terminated leases	(175)	(33)	(208)	175	33	208	-	-	-
Other	8	(1)	7	(2)	1	(1)	6	-	6
At 31 December 2020	3,188	738	3,926	(1,647)	(340)	(1,987)	1,541	398	1,939

	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 2019	3,229	912	4,141	(1,220)	(369)	(1,589)	2,009	543	2,552
New leases	441	29	470				441	29	470
Depreciation				(473)	(73)	(546)	(473)	(73)	(546)
Impairment losses				-	-	-	-	-	-
Translation adjustments	40	11	51	(17)	(4)	(21)	23	7	30
Lease modifications	58	14	72				58	14	72
Lease remeasurements	13	(7)	6				13	(7)	6
Changes in scope of consolidation	336	1	337	-	-	-	336	1	337
Terminated leases	(250)	(73)	(323)	250	73	323	-	-	-
Discontinued operations and other	4	(109)	(105)	(7)	50	43	(3)	(59)	(62)
At 31 December 2019	3,871	778	4,649	(1,467)	(323)	(1,790)	2,404	455	2,859

## 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 2020	2,032	495	2,527	512	58	570	2,543	554	3,097
New leases	327	10	337	-	-	-	327	10	337
Interest expense	-	-	-	57	17	74	57	17	74
Covid-19 lease negotiations/gains on lease modifications	(171)	-	(171)	-	-	-	(171)	-	(171)
Lease payments	-	-	-	(206)	(79)	(285)	(206)	(79)	(285)
Reclassifications <sup>(*)</sup>	3	(77)	(74)	(3)	77	74	-	-	-
Translation adjustments	(48)	(14)	(62)	(13)	(2)	(15)	(61)	(16)	(77)
Lease modifications	(530)	17	(513)	-	-	-	(530)	17	(513)
Lease remeasurements	(214)	3	(211)	-	-	-	(214)	3	(211)
Changes in scope of consolidation	-	(1)	(1)	-	(3)	(3)	-	(4)	(4)
Other	1	-	1	(5)	3	(2)	(3)	2	(1)
At 31 December 2020	1,400	433	1,833	342	71	413	1,742	504	2,246

(\*) 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 2019	1,730	553	2,283	395	63	458	2,124	617	2,741
New leases	438	28	466	-	-	-	438	28	466
Interest expense	-	-	-	66	19	85	66	19	85
Lease payments	-	-	-	(518)	(77)	(595)	(518)	(77)	(595)
Reclassifications <sup>(*)</sup>	(523)	(64)	(587)	523	64	587	-	-	-
Translation adjustments	21	8	29	5	-	5	26	8	34
Lease modifications	58	14	72	-	-	-	58	14	72
Lease remeasurements	13	(7)	6	-	-	-	13	(7)	6
Changes in scope of consolidation	295	1	296	38	-	38	333	1	334
Discontinued operations and other	-	(38)	(38)	3	(11)	(8)	3	(49)	(46)
At 31 December 2019	2,032	495	2,527	512	58	570	2,543	554	3,097

(\*) Reclassifications relate to the current portion of lease liabilities, reclassified within current lease liabilities.

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.

These negotiations were based on concession agreements with many different legal forms, for example providing for guaranteed minimum payments or including/excluding clauses allowing them

to renegotiate lease payments in the event of force majeure or a collapse in passenger traffic.

At 31 December 2020, 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;
- ▶ the cancellation of guaranteed minimum payments based on applicable contractual conditions;

- ▶ more general revisions to lease terms and premises leased.

The IFRS 16 amendment published in May 2020 was applied where the renegotiated leases met the requisite conditions. Under this amendment, rent relief obtained in connection with Covid-19 may be recognised as a deduction from lease liabilities against a gain in the income statement.

The impact of IFRS 16 on concession agreements in the Travel Retail business is neutralised when calculating recurring operating profit (loss) of fully consolidated companies. Accordingly, irrespective of the IFRS 16 treatment adopted (see below), rent relief agreed with lessors was taken into account in recurring operating profit (loss) of fully consolidated companies in 2020. This represented a positive €362 million impact, corresponding to the difference between the fixed lease expense initially expected in 2020 and the expense actually recognised during the year.

A decision tree was prepared taking into account the IFRS 16 Covid-19 amendment in order to identify the accounting treatment applicable to the leases renegotiated in 2020, which can be summarised as follows:

- ▶ When the **original lease contains a clause (force majeure, decrease in passenger traffic** or in business, store closures, etc.) and describes the financial implications of that clause, the corresponding rent relief is accounted for as a **negative variable lease payment by reducing the lease liability against a gain in the income statement**.
- ▶ **When the original lease does not contain any clause or contains only a simple review clause**, the relief is analysed as follows:
  - **rent relief granted over a period up to 30 June 2021** at the latest, with no substantive change in other terms and conditions of the lease: this is deducted from the lease liability against a gain in the income statement, pursuant to the Covid-19 amendment to IFRS 16. If the rent relief is conditional, it is only recognised to the extent that the underlying conditions have been met at 31 December 2020;
  - **rent relief granted over a period beyond 30 June 2021**: the Group applies IFRS 16.44-46, whereby the rent reduction is treated as a lease modification. In this case, the lease liability is deducted against the right-of-use asset. Future lease payments are discounted using a revised discount rate;
  - **other rent relief**, such as an extended lease term, adjustments to rent, guaranteed minimum payments, or premises leased: this is treated as a lease modification with no exceptions. Future

lease payments are discounted at a revised discount rate, and the lease liability is adjusted against the right-of-use asset;

- **deferral of lease payments granted by the lessor**: in this case, the lease liability is adjusted against the right-of-use asset to reflect the change in the payment schedule agreed with the lessor.
- At 31 December 2020, lease liabilities and right-of-use assets were reduced by €895 million and €724 million, respectively. This reduction breaks down as:
- ▶ A reduction in lease liabilities recognised against a gain in the income statement amounting to **€171 million, of which €101 million meets the conditions set out in the IFRS 16 amendment**.
  - ▶ A reduction in lease liabilities recognised against right-of-use assets for **€513 million (lease modifications)**, including:
    - an increase in lease terms and in premises leased, representing a positive €138 million;
    - a decrease in lease terms and in premises leased, representing a negative €70 million;
    - lease modifications representing a negative €550 million;
    - the impact of discounting future lease payments at a revised discount rate, representing a negative €31 million.
  - ▶ A reduction in lease liabilities recognised against right-of-use assets for **€211 million (lease remeasurements)**, relating mainly to changes in estimated lease payments representing a negative €208 million.

**Interest expense on lease liabilities** amounted to €74 million in 2020, compared to €85 million in 2019, a decrease of €11 million mainly attributable to the decrease in lease liabilities.

**Lease payments** represented €285 million at 31 December 2020 compared with €595 million at 31 December 2019.

**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 €104 million in 2020 (€207 million in 2019), continue to be shown in external charges or in other operating expenses, including €96 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 (loss) of fully consolidated companies amounts to €213 million for concession agreements in 2020 (€532 million in 2019).

The table below shows the maturity of undiscounted lease liabilities at 31 December 2020 and 2019:

Lease liabilities	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024	31 Dec. 2025	Beyond 5 years	Total
Concession agreements	386	387	312	279	161	366	1,891
Buildings and other	87	78	71	66	60	215	576
<b>At 31 December 2020</b>	<b>473</b>	<b>465</b>	<b>383</b>	<b>345</b>	<b>221</b>	<b>581</b>	<b>2,467</b>

Lease liabilities	31 Dec. 2020	31 Dec. 2021	31 Dec. 2022	31 Dec. 2023	31 Dec. 2024	Beyond 5 years	Total
Concession agreements	569	511	456	362	261	588	2,748
Buildings and other	94	94	86	76	68	276	695
<b>At 31 December 2019</b>	<b>663</b>	<b>605</b>	<b>542</b>	<b>438</b>	<b>329</b>	<b>864</b>	<b>3,443</b>

At 31 December 2020, the **residual weighted average term of concession agreements** and building leases was six years and nine years, respectively.

Concession agreements and building leases signed at 31 December 2020 but not yet effective, represented total undiscounted lease payment commitments of €35 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.

**NOTE 19 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment break down as follows by category:

**2020 – Cost**

	At 1 Jan. 2020	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2020
Land	47	-	-	-	-	-	47
Buildings	482	34	-	(25)	205	(22)	674
Machinery and equipment	717	33	1	(30)	(139)	(22)	560
Other	523	28	(1)	(24)	(95)	(10)	421
Assets under construction <sup>(*)</sup>	62	19	-	-	(20)	(2)	59
<b>Total</b>	<b>1,831</b>	<b>114</b>	<b>-</b>	<b>(79)</b>	<b>(49)</b>	<b>(56)</b>	<b>1,761</b>

**2020 – Depreciation and impairment losses**

	At 1 Jan. 2020	Depreciation	Impairment losses <sup>(**)</sup>	Changes in scope of consolidation	Disposals	Reclassifications	Translation adjustments	At 31 Dec. 2020
Land	-	-	-	-	-	-	-	-
Buildings	(256)	(66)	(5)	-	24	(69)	10	(362)
Machinery and equipment	(461)	(57)	(5)	-	28	75	13	(407)
Other	(303)	(38)	(5)	-	25	32	6	(283)
Assets under construction <sup>(*)</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(1,020)</b>	<b>(161)</b>	<b>(15)</b>	<b>-</b>	<b>77</b>	<b>38</b>	<b>29</b>	<b>(1,052)</b>
<b>Carrying amounts</b>	<b>811</b>	<b>(47)</b>	<b>(15)</b>	<b>-</b>	<b>(2)</b>	<b>(11)</b>	<b>(27)</b>	<b>709</b>

(\*) Assets under construction include property, plant and equipment and intangible assets.

(\*\*) See note 10 for a breakdown of property, plant and equipment impairment.



## 2019 – Cost

	At 1 Jan. 2019	Acquisitions	Changes in scope of consolidation	Disposals	Reclassifications	Assets held for sale <sup>(**)</sup>	Translation adjustments	At 31 Dec. 2019
Land	47	-	-	-	-	-	-	47
Buildings	460	31	9	(18)	2	(6)	4	482
Machinery and equipment	685	75	15	(46)	1	(24)	11	717
Other	496	54	5	(23)	(1)	(11)	3	523
Assets under construction <sup>(*)</sup>	50	31	(19)	-	(1)	-	1	62
<b>Total</b>	<b>1,738</b>	<b>191</b>	<b>10</b>	<b>(87)</b>	<b>1</b>	<b>(41)</b>	<b>19</b>	<b>1,831</b>

## 2019 – Depreciation and impairment losses

	At 1 Jan. 2019	Depreciation	Impairment losses <sup>(**)</sup>	Changes in scope of consolidation	Disposals	Reclassifications	Assets held for sale <sup>(***)</sup>	Translation adjustments	At 31 Dec. 2019
Land	-	-	-	-	-	-	-	-	-
Buildings	(245)	(30)	(2)	3	18	-	2	(2)	(256)
Machinery and equipment	(435)	(77)	(2)	(2)	42	1	19	(7)	(461)
Other	(264)	(52)	(4)	(11)	20	-	9	(1)	(303)
Assets under construction <sup>(*)</sup>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>(944)</b>	<b>(159)</b>	<b>(8)</b>	<b>(10)</b>	<b>80</b>	<b>1</b>	<b>30</b>	<b>(10)</b>	<b>(1,020)</b>
<b>Carrying amounts<sup>(***)</sup></b>	<b>794</b>	<b>32</b>	<b>(8)</b>	<b>-</b>	<b>(7)</b>	<b>2</b>	<b>(11)</b>	<b>9</b>	<b>811</b>

(\*) Assets under construction include property, plant and equipment and intangible assets.

(\*\*) See note 10 for a breakdown of property, plant and equipment impairment.

(\*\*\*) Including negative amounts of €11 million at 31 December 2019 resulting from the reclassification of Lagardère Sports as a discontinued operation in accordance with IFRS 5 (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. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	2020	2019
Lagardère & Connexions	SNCF Participations	Travel Retail	50%	50%	-	3	(9)	2
Other					3	3	(5)	(2)
<b>Total joint ventures</b>					<b>3</b>	<b>6</b>	<b>(14)</b>	<b>-</b>
S.D.A. (Société de Distribution Aéroportuaire)	Aéroport de Paris	Travel Retail	45%	45%	-	12	(34)	-
Relay@ADP	Aéroport de Paris	Travel Retail	50%	50%	-	6	(7)	3
Éditions J'ai Lu		Publishing	35%	35%	17	17	-	-
Inmedio		Travel Retail	49%	49%	12	14	(1)	1
Yen Press		Publishing	49%	49%	12	11	2	1
Saddlebrook International Sports		Sports	30%	30%	5	5	-	1
Other					3	2	(4)	-
<b>Total associates</b>					<b>49</b>	<b>67</b>	<b>(44)</b>	<b>6</b>
<b>Total investments in equity-accounted companies</b>					<b>52</b>	<b>73</b>	<b>(58)</b>	<b>6</b>

**Movements in investments in equity-accounted companies** can be analysed as follows:

	2020			2019		
	Total	Joint ventures	Associates	Total	Joint ventures	Associates
Investments in equity-accounted companies at beginning of year	73	6	67	70	5	65
Dividends paid <sup>(*)</sup>	(1)	-	(1)	(6)	(1)	(5)
Share in profit (loss)	(58)	(14)	(44)	6	-	6
Impairment losses	-	-	-	-	-	-
Change in other comprehensive income	(2)	-	(2)	1	-	1
First-time consolidations/ Acquisitions	-	-	-	-	-	-
Deconsolidation/Disposals	1	1	-	-	-	-
Other <sup>(**)</sup>	39	10	29	2	2	-
Investments in equity-accounted companies at end of year	52	3	49	73	6	67

(\*) Including Relay ADP for €3 million in 2019.

(\*\*) Including the reclassification of €34 million within liabilities relating to provisions for the share of losses of equity-accounted companies in 2020.

**Joint ventures**

As part of its business operations, Lagardère Travel Retail manages certain travel retail contracts in the form of 50/50 joint ventures entered into with concession grantors. The main joint ventures set up by Lagardère Travel Retail with its partners are (i) Lagardère & Connexions (formerly Société des Commerces en Gares), with SNCF

Participations, (ii) SVRLS@LAREUNION, with Servair, and (iii) Lyon Duty Free, with Lyon airport authorities.

Total revenue generated by these Travel Retail joint ventures (on a 100% basis) amounted to €221 million in 2020 versus €414 million in 2019. Fully consolidated entities invoiced joint ventures amounts of €3 million in 2020 and €19 million in 2019.

	Figures on a 100% basis		Lagardère's share (50%)	
	2020	2019	2020	2019
<b>Total revenue</b>	<b>221</b>	<b>414</b>	<b>111</b>	<b>208</b>
Group revenue with joint ventures	(3)	(19)	(1)	(9)
<b>Adjusted revenue</b>	<b>217</b>	<b>395</b>	<b>109</b>	<b>198</b>
<b>Recurring operating profit (loss)</b>	<b>(20)</b>	<b>8</b>	<b>(10)</b>	<b>4</b>
Profit (loss) before finance costs and tax	(19)	10	(10)	5
Profit (loss) before tax	(21)	7	(11)	4
<b>Profit (loss) for the year</b>	<b>(20)</b>	<b>5</b>	<b>(10)</b>	<b>3</b>
<b>Net debt</b>	<b>(40)</b>	<b>(21)</b>	<b>(20)</b>	<b>(10)</b>

**Associates**

As part of its business operations, Lagardère Travel Retail also manages certain travel retail contracts with associates. The main associates set up by Lagardère Travel Retail with its partners are Société de Distribution Aéroportuaire and Relay@ADP with Aéroports de Paris.

Total revenue generated by these Travel Retail associates (on a 100% basis) amounted to €270 million in 2020 versus €948 million in 2019. Fully consolidated entities invoiced associates amounts of €38 million in 2020 and €373 million in 2019.

	Figures on a 100% basis		Lagardère's share (50%)	
	2020	2019	2020	2019
<b>Total revenue</b>	<b>270</b>	<b>948</b>	<b>135</b>	<b>474</b>
Group revenue with associates	(38)	(373)	(19)	(186)
<b>Adjusted revenue</b>	<b>232</b>	<b>575</b>	<b>116</b>	<b>288</b>
<b>Recurring operating profit (loss)</b>	<b>(70)</b>	<b>13</b>	<b>(35)</b>	<b>6</b>
Profit (loss) before finance costs and tax	(81)	11	(41)	5
Profit (loss) before tax	(82)	10	(41)	5
<b>Profit (loss) for the year</b>	<b>(82)</b>	<b>7</b>	<b>(41)</b>	<b>3</b>
<b>Net debt</b>	<b>(124)</b>	<b>(77)</b>	<b>(62)</b>	<b>(39)</b>

**NOTE 21 OTHER NON-CURRENT ASSETS****OTHER NON-CURRENT ASSETS**

Other non-current assets break down as follows:

Carrying amount	31 Dec. 2020	31 Dec. 2019
Investments in non-consolidated companies	43	43
Loans and receivables	153	111
Derivative financial instruments <sup>(*)</sup>	16	-
<b>Total</b>	<b>212</b>	<b>154</b>

(\*) See note 30.1.

**INVESTMENTS IN NON-CONSOLIDATED COMPANIES**

Investments in non-consolidated companies include the following:

Carrying amount	31 Dec. 2020		31 Dec. 2019	
	Carrying amount	% interest	Carrying amount	% interest
FCPI Iinvest Digital Fund II	11	7%	11	7%
Other	32	-	32	-
<b>Total</b>	<b>43</b>		<b>43</b>	

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 2020. Cumulative fair value adjustments on investments in non-consolidated companies at 31 December 2020 amounted to a negative €1 million.

**LOANS AND RECEIVABLES**

Loans and receivables can be analysed as follows:

Loans and receivables	31 Dec. 2020	31 Dec. 2019
Gross amount	216	141
Accumulated impairment losses	(63)	(30)
<b>Carrying amount</b>	<b>153</b>	<b>111</b>

Analysis of impairment losses	2020	2019
At 1 January	(30)	(29)
Impairment losses (recognised) reversed in the year	(16)	(1)
Other movements and translation adjustments	(17)	-
<b>At 31 December</b>	<b>(63)</b>	<b>(30)</b>

Loans and receivables included in non-current financial assets mainly comprise deposits, loans and receivables with an estimated maturity of more than one year. They also include financial receivables resulting from finance sub-leases for €18 million at 31 December 2020 versus €27 million at 31 December 2019.

Other movements and translation adjustments relating to impairment of loans and receivables, representing a negative amount of €17 million in 2020, chiefly relate to the reclassification of current accounts with joint ventures within loans at Lagardère Travel Retail in the United States. These loans were already written down at the start of the reporting period.

**NOTE 22 INVENTORIES**

Inventories break down as follows:

	31 Dec. 2020	31 Dec. 2019
Lagardère Publishing	435	420
Lagardère Travel Retail	294	416
Other Activities	2	2
Assets sold and pending disposal at Lagardère Active	-	-
<b>Gross amount</b>	<b>731</b>	<b>838</b>
Accumulated impairment losses	(233)	(207)
<b>Carrying amount</b>	<b>498</b>	<b>631</b>
<b>Analysis of impairment losses</b>	<b>2020</b>	<b>2019</b>
At 1 January	(207)	(197)
Impairment losses (recognised) reversed in the year	(28)	(5)
Other movements and translation adjustments	2	(5)
At 31 December	(233)	(207)

**NOTE 23 TRADE RECEIVABLES**

Trade receivables and their realisable value can be analysed as follows:

	31 Dec. 2020	31 Dec. 2019
Trade receivables (gross amount)	1,164	1,158
Accumulated impairment losses	(114)	(90)
<b>Carrying amount</b>	<b>1,050</b>	<b>1,068</b>
Of which:		
- <i>not yet due</i>	907	961
- <i>less than six months past due</i>	105	84
- <i>more than six months past due</i>	38	23
<b>Total</b>	<b>1,050</b>	<b>1,068</b>
<b>Analysis of impairment losses</b>	<b>2020</b>	<b>2019</b>
At 1 January	(90)	(104)
Impairment losses (recognised) reversed in the year	(26)	(9)
Other movements and translation adjustments	1	23
At 31 December	(115)	(90)

**Securitisation of trade receivables**

In December 2015, the Group set up a five-year trade receivables securitisation programme in certain Lagardère Active subsidiaries. Under this programme, sold receivables may be deconsolidated based on the conditions set out below.

The new programme involves the no-recourse sale of receivables and includes a credit insurance and protection mechanism within the securitisation fund which absorbs most of the risks. Accordingly,

substantially all of the risks and rewards incidental to ownership of the receivables are transferred to the compartment of the fund.

The main characteristics of the programme are as follows:

- receivables are sold through an entity representing the compartment of a securitisation fund that is not controlled by Lagardère;

- ▶ the compartment subscribes to a credit insurance policy covering 99% of the credit risk on the receivables;
- ▶ receivables are purchased for their nominal value net of a discount set (using a pre-determined formula) so as to cover the carrying costs of the securitisation, the fees associated with the fund compartment (remuneration of fund units and expenses), and the risk of late-payment on the acquired receivables;
- ▶ the compartment's senior units are subscribed by a financial institution and are used to finance the acquisition of receivables;
- ▶ the compartment's subordinated units and additional units subscribed by Lagardère absorb the dilution risk and the share of uninsured receivables in the event that the discount is insufficient;

- ▶ Lagardère is responsible for recovering the receivables and for managing the credit insurance policy, and receives a fixed commission for this purpose.

Accordingly, receivables sold and deconsolidated at end-2020 totalled €27.5 million.

Lagardère is nevertheless exposed to a residual risk on the sold receivables, represented mainly by the units subscribed in the securitisation compartment, which amounted to €0.6 million at 31 December 2020, or around 2.3% of the total value of the sold receivables.

Receivables sold and deconsolidated at end-2019 totalled €28 million.

## NOTE 24 OTHER CURRENT ASSETS

Other current assets break down as follows:

	31 Dec. 2020	31 Dec. 2019
Receivable from authors	300	295
Recoverable taxes and payroll taxes	170	217
Prepaid expenses	57	57
Receivable from suppliers	75	80
Advances paid	46	42
Derivative financial instruments <sup>(*)</sup>	1	1
Loans	7	6
Other	69	59
<b>Total</b>	<b>725</b>	<b>757</b>
Accumulated impairment losses	(50)	(40)
<b>Carrying amount</b>	<b>675</b>	<b>717</b>

(\*) See note 30.1 for more details on derivative financial instruments.

Analysis of impairment losses	2020	2019
At 1 January	(40)	(24)
Impairment losses (recognised) reversed in the year	(46)	(34)
Other movements and translation adjustments	36	18
<b>At 31 December</b>	<b>(50)</b>	<b>(40)</b>

**NOTE 25 CASH AND CASH EQUIVALENTS, NET**

**Cash and cash equivalents** reported in the statement of cash flows are calculated as follows:

	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents	687	913
Short-term bank loans and overdrafts	(82)	(45)
<b>Cash and cash equivalents, net</b>	<b>605</b>	<b>868</b>

**Cash and cash equivalents** break down as follows:

	31 Dec. 2020	31 Dec. 2019
Bank accounts	649	753
Money market funds	10	33
Term deposits and current accounts maturing in less than three months	28	127
<b>Cash and cash equivalents</b>	<b>687</b>	<b>913</b>

**Changes in working capital** as reported in the statement of cash flows can be analysed as follows:

	2020	2019
Change in inventories	105	(26)
Change in trade receivables	21	(50)
Change in trade payables	(201)	80
Change in other receivables and payables	58	30
Change in lease liabilities	(4)	(9)
<b>Changes in working capital<sup>(*)</sup></b>	<b>(21)</b>	<b>25</b>

(\*) Including changes in working capital relating to lease liabilities representing a negative €4 million, of which a negative €6 million in respect of concession agreements in 2020 (a negative €9 million and €8 million, respectively, in 2019).

**Changes in working capital** represented an outflow of €21 million over the year, compared to an inflow of €25 million in 2019. This decline is essentially attributable to Lagardère Travel Retail, offset by a favourable impact at Lagardère Publishing. The €95 million decrease at Lagardère Travel Retail reflects the sharp fall in trade payables

and inventories owing to the trading slump across all regions. The €32 million improvement at Lagardère Publishing reflects a rise in trade payables in line with the business upturn in the second half of the year.

**NOTE 26 EQUITY****26.1 SHARE CAPITAL**

At 31 December 2020 and 31 December 2019, the share capital of Lagardère SCA amounted to €799,913,044.60, represented by 131,133,286 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:

	2020	2019
Number of treasury shares held at 1 January	2,276,966	1,260,478
Purchases of treasury shares	1,471,624	2,587,474
Sales of treasury shares	(1,702,787)	(989,974)
Awards	(8,157)	-
Capital reduction by cancellation of treasury shares	(447,018)	(581,012)
Number of treasury shares held at 31 December	1,590,628	2,276,966

At 31 December 2020, shares held in treasury represented 1.21% of Lagardère SCA's share capital and were allocated for the following purposes:

- ▶ 1,491,791 shares for future allocation to employees;
- ▶ 98,837 shares for market-making purposes.

In 2020, under the liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for the purposes of market-making, Lagardère SCA purchased 1,471,624 treasury shares during the year for a total cost of €24 million and sold 1,702,787 treasury shares for a total of €29 million, giving rise to a €5 million net disposal gain which was recorded directly in equity.

The Group also carried out a number of capital reductions by cancelling 447,018 treasury shares for €13 million. These operations took place following capital increases carried out by capitalising reserves and involving the same number of shares. The newly-

issued shares were allocated in 2020 to the Group's Co-Managing Partners and salaried employees who are beneficiaries under the 9 May 2016 and 6 April 2017 plans.

In 2019, Lagardère SCA purchased 1,500,000 treasury shares for future allocation to employees, for a total cost of €29 million.

Under the liquidity agreement, Lagardère SCA had purchased 1,087,474 treasury shares for a total cost of €23 million and sold 989,974 treasury shares for a total of €22 million, generating a €1 million net disposal loss which was recorded directly in equity.

The Group also carried out a number of capital reductions during the year by cancelling 581,012 treasury shares for €15 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 2019 to the Group's Co-Managing Partners and salaried employees who are beneficiaries under the 1 April 2015 and 9 May 2016 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. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	2020	2019	2020	2019
<b>Lagardère Publishing</b>			<b>36</b>	<b>29</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>4</b>
o/w Librairie Générale Française	40%	40%	22	21	4	4	4	3
o/w Plika Editions	33.33%	33.33%	6	6	1	-	-	-
o/w Le Livre Scolaire	30%	N/A	4		1		-	
<b>Lagardère Travel Retail</b>			<b>65</b>	<b>118</b>	<b>(37)</b>	<b>21</b>	<b>8</b>	<b>22</b>
o/w Paradies sub-group <sup>(*)</sup>	N/A	N/A	39	59	(10)	14	6	16
o/w Hojeij Branded Foods sub-group <sup>(*)</sup>	N/A	N/A	10	22	(5)	1	2	3
o/w Lagardère Duty Free SAS (Aelia) sub-group	9.96%	9.96%	7	26	(17)	2	-	-
o/w Airst sub-group <sup>(**)</sup>	50%	50%	11	15	(4)	4	-	3
<b>Other Activities</b>			<b>1</b>		<b>-</b>		<b>-</b>	
<b>Lagardère Active</b>			<b>-</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>3</b>
<b>Lagardère Sports</b>				<b>1</b>	<b>2</b>	<b>(2)</b>	<b>-</b>	<b>-</b>
o/w Lagardère Sports Asia sub-group		19.26%		1	2	(2)	-	-
<b>Total</b>			<b>102</b>	<b>150</b>	<b>(28)</b>	<b>26</b>	<b>13</b>	<b>29</b>

(\*) 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.

(\*\*) Exercise of call options on minority interests in the Airst sub-group in 2015. However, the percentage of minority interests remains unchanged in the Airst SPA subsidiaries (Venice Treviso, Verona, Bari and Palermo airports).

## 26.5 CAPITAL MANAGEMENT

Lagardère closely monitors its ownership and shareholding structure. As all Lagardère SCA shares are in registered form, the Group has a good knowledge of its ownership structure and the changes in shareholdings that occur over time. There were significant changes in Lagardère SCA's ownership structure in 2020, with an existing shareholder suddenly increasing its investment and two new shareholders rapidly building up a sizeable stake in the capital. At 31 December 2020, the five largest shareholders held around 77% 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.

Lagardère has not raised capital on the market for several years and applies a policy of regularly paying out dividends. To reward shareholder stability, the Company has granted double voting rights for shares registered in the name of the same shareholder for at least four years.

As part of its long-term development strategy, the Group optimises its debt/equity ratio.

The shares due to be remitted to executives and employees under the free share plans are generally new shares created through a capital increase by capitalising reserves. An equivalent number of treasury shares is cancelled in order to neutralise the resulting dilutive impact on shareholders. In order to maintain a constant level of treasury shares further to such transactions, the Group may purchase shares on the market.

As detailed in note 29, in 2020 the Group consolidated its financial position, signed an agreement to amend and extend its syndicated credit facility and was granted a loan, 80% of which is guaranteed by the French state. The one-year term of this loan can be extended for up to five additional one-year periods. These agreements were signed on 18 December 2020 and took effect on 8 January 2021. They contain default clauses which include redefined covenants along with specific rules on dividend payments and sums allocated to share buybacks outside the scope of the liquidity agreement.

**26.6 OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD**

The components of other comprehensive income (expense) can be analysed as follows:

	2020			2019		
	Attributable to owners <sup>(*)</sup>	Minority interests	Total equity	Attributable to owners <sup>(*)</sup>	Minority interests	Total equity
Translation reserve	(120)	(4)	(124)	54	1	55
- Currency translation adjustments	(120)	(4)	(124)	53	1	54
- Share of other comprehensive income (expense) of equity-accounted companies, net of tax	-	-	-	1	-	1
Valuation reserve	8	-	8	(25)	-	(25)
Change in fair value of derivative financial instruments	8	-	8	(25)	-	(25)
- Unrealised gains (losses) recognised directly in equity	14	-	14	(31)	-	(31)
- Amounts reclassified from equity to profit or loss	-	-	-	1	-	1
- Tax effect	(6)	-	(6)	5	-	5
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	(7)	-	(7)	(14)	-	(14)
Change in provisions for pensions and other post-employment benefit obligations	(7)	-	(7)	(14)	-	(14)
- Actuarial gains and losses on pensions and other post-employment benefit obligations	(8)	-	(8)	(19)	-	(19)
- Tax effect	1	-	1	5	-	5
<b>Other comprehensive income (expense) for the period, net of tax</b>	<b>(119)</b>	<b>(4)</b>	<b>(123)</b>	<b>15</b>	<b>1</b>	<b>16</b>

(\*) 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. 2020	31 Dec. 2019
US dollar:	€(90) million	€23 million
Pound sterling:	€(27) million	€26 million
Other:	€(3) million	€5 million
<b>Total</b>	<b>€(120) million</b>	<b>€54 million</b>

**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.

**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 2020, the plans in effect in the United Kingdom represented an aggregate obligation of €252 million (66% of the Group's total obligation) and plan assets amounted to €259 million (92% of the Group's total plan assets).

**France**

The most significant plans in place in France relate to end-of-career bonuses paid to employees in accordance with the specific requirements of each entity's collective bargaining agreement. Employees are paid this bonus when they retire and its amount is calculated based on the employee's length of service and the terms and conditions specified in the relevant collective bargaining agreement. End-of-career bonuses are not covered by funded plans and are not subject to any minimum funding requirements. At 31 December 2020, they represented an aggregate obligation of €65 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**

	2020	2019
<b>Present value of benefit obligation at beginning of year</b>	<b>365</b>	<b>358</b>
Current service cost	7	9
Plan amendments/Curtailments	-	(13)
Settlements	(2)	(4)
Interest expense	6	8
Employee contributions	-	-
Benefits paid	(13)	(12)
Actuarial (gains) and losses from changes in demographic assumptions	-	-
Actuarial (gains) and losses from changes in financial assumptions	34	39
Actuarial (gains) and losses from experience adjustments	-	1
Changes in scope of consolidation and assets held for sale <sup>(*)</sup>	(2)	(33)
Translation adjustments and other	(15)	12
<b>Present value of benefit obligation at end of year</b>	<b>380</b>	<b>365</b>
Present value of benefit obligation at end of year for funded plans	295	277
Present value of benefit obligation at end of year for unfunded plans	85	88

(\*) Classified within liabilities associated with assets held for sale in an amount of €34 million at 31 December 2019 (see note 4.3).

## Change in fair value of plan assets

	2020	2019
Fair value of plan assets at beginning of year	268	229
Interest income	5	7
Effect of remeasurements	26	22
Employee contributions	-	-
Employer contributions	5	5
Benefits paid	(10)	(8)
Settlements	-	-
Changes in scope of consolidation	-	-
Translation adjustments and other	(14)	13
Fair value of plan assets at end of year	280	268

## Asset allocation at 31 December

	2020	2019
Shares	11%	18%
Bonds	38%	71%
Real estate	1%	2%
Money market instruments	3%	3%
Other	47%	5%

## Calculation of net benefit obligation at 31 December

	2020	2019	2018	2017	2016
Present value of benefit obligation	380	365	358	400	395
Fair value of plan assets	(280)	(268)	(229)	(239)	(229)
Unrecognised past service cost	-	-	-	-	-
Net amount recognised as a provision	100	97	129	161	166

## Movements in the provision recognised in the balance sheet

	2020	2019
Provision at beginning of year	97	129
Net expense for the year	6	(7)
Actuarial (gains) and losses recognised in equity	8	19
Employer contributions	(5)	(5)
Benefits paid by the employer	(3)	(4)
Changes in scope of consolidation and assets held for sale <sup>(*)</sup>	(2)	(33)
Translation adjustments and other	(1)	(2)
Provision at end of year <sup>(**)</sup>	100	97

(\*) Classified within liabilities associated with assets held for sale in an amount of €34 million at 31 December 2019 (see note 4.3).

(\*\*) Including €108 million in provisions for post-employment benefit obligations and a negative amount of €8 million recognised under other non-current assets for two overfunded plans.

## Calculation of net expense for the year

	2020	2019
Current service cost	7	9
Plan amendments/Curtailments	-	(13)
Settlements	(2)	(4)
Interest expense	1	1
Actuarial gains and losses on other employee benefits	-	-
<b>Net expense (income) recognised in the income statement</b>	<b>6</b>	<b>(7)</b>
Actuarial (gains) and losses from changes in demographic assumptions	-	-
Actuarial (gains) and losses from changes in financial assumptions	34	39
Actuarial (gains) and losses from experience adjustments	-	1
Excess of actual return on plan assets	(26)	(21)
Effect of asset ceiling	-	-
<b>Remeasurement of the net liability recognised in equity</b>	<b>8</b>	<b>19</b>
<b>Net expense for the year</b>	<b>14</b>	<b>12</b>

## Actuarial assumptions used to calculate benefit obligations

	2020	2019
Discount rate: weighted average for all countries including:		
- Eurozone <sup>(*)</sup>	1.09%	1.81%
- United Kingdom <sup>(*)</sup>	0.50%	0.90%
	1.25%	2.10%
Average expected rate of benefit increase	2.81%	2.90%
Average expected rate of salary increase	1.48%	2.00%
Expected rate of healthcare cost inflation:		
- initial	N/A	3.75%
- ultimate	N/A	2.25%
- year in which ultimate rate is expected to be reached	N/A	2030

(\*) 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

	2020	2019
<b>Difference between actual and expected return on plan assets</b>		
Gains (losses)	26	22
Percentage of plan assets at year-end	9.40%	8.30%
<b>Experience adjustments</b>		
Losses (gains)	-	1
Percentage of present value of plan liabilities at year-end	-0.09%	0.30%

## Sensitivity of the obligation at 31 December 2020 to changes in the discount rate

	0.5% increase	0.5% decrease
Impact on present value of benefit obligation	(35)	24
Weighted average duration of obligations	15 years	

## Expected employer contributions

	2020	2019
Expected employer contributions	4	5

## Actuarial gains and losses recognised directly in equity

	2020	2019
Actuarial gains (losses) at 1 January	(39)	(17)
Change during the year:		
- in value of benefit obligation	(34)	(41)
- in fair value of plan assets	26	22
Actuarial gains (losses) at 31 December	(47)	(36)
Deferred tax impact	1	(3)
Actuarial gains (losses), net of tax at 31 December	(46)	(39)

**27.2 OTHER PROVISIONS**

**Current and non-current provisions** for contingencies and losses primarily cover the following:

	31 Dec. 2020	31 Dec. 2019
Restructuring and withdrawal costs	43	32
Claims and litigation	35	38
Other contingencies	264	224
<b>Total</b>	<b>342</b>	<b>294</b>
Of which:		
- non-current provisions	174	156
- current provisions	168	138

2020	At 1 Jan. 2020	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifications	At 31 Dec. 2020
Future losses on long-term contracts and other contracts	-	-	-	-	-	-	-	-
Restructuring and withdrawal costs	32	-	3	30	(13)	(6)	(3)	43
Claims and litigation	38	-	1	5	(1)	(4)	(3)	35
Other contingencies	224	(1)	12	30	(24)	(15)	38	264
<b>Total</b>	<b>294</b>	<b>(1)</b>	<b>16</b>	<b>65</b>	<b>(38)</b>	<b>(25)</b>	<b>32</b>	<b>342</b>

2019	At 1 Jan. 2019	Translation adjustments	Changes in scope of consolidation	Charges	Utilisations	Releases of surplus provisions	Reclassifications	Liabilities associated with assets held for sale	At 31 Dec. 2019
Future losses on long-term contracts and other contracts	6	-	-	-	-	-	-	(6)	-
Restructuring and withdrawal costs	32	-	(2)	22	(17)	(17)	14	-	32
Claims and litigation	64	-	(5)	3	(4)	(8)	(12)	-	38
Other contingencies	234	1	(8)	46	(30)	(24)	-	5	224
<b>Total</b>	<b>336</b>	<b>1</b>	<b>(15)</b>	<b>71</b>	<b>(51)</b>	<b>(49)</b>	<b>2</b>	<b>(1)</b>	<b>294</b>

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. 2020	31 Dec. 2019
Bonds	1,293	1,291
Bank loans	307	450
Debt related to put options granted to minority shareholders	24	12
Medium-term notes (NEU MTN <sup>(*)</sup> )	-	64
Other debt	19	17
<b>Non-current debt excluding financial instruments designated as hedges of debt</b>	<b>1,643</b>	<b>1,834</b>
Financial instruments designated as hedges of debt	-	8
<b>Non-current debt</b>	<b>1,643</b>	<b>1,842</b>
Bonds	-	-
Bank loans	158	13
Syndicated credit facility	300	-
Debt related to put options granted to minority shareholders	-	-
Medium-term notes (NEU MTN <sup>(*)</sup> )	64	-
Commercial paper (NEU CP <sup>(**)</sup> )	158	449
Other debt	113	70
<b>Current debt excluding financial instruments designated as hedges of debt</b>	<b>793</b>	<b>532</b>
Financial instruments designated as hedges of debt	-	-
<b>Current debt</b>	<b>793</b>	<b>532</b>
<b>Total debt</b>	<b>2,436</b>	<b>2,374</b>

(\*) Negotiable Euro Medium-Term Notes.

(\*\*) Negotiable European Commercial Paper.

The main movements in debt during 2020 were as follows:

- ▶ Lagardère SCA had drawn down €300 million on its syndicated credit facility at 31 December 2020. On 18 December 2020, the Group signed an agreement to amend and extend its syndicated credit facility (see note 29.1.1 for further details). Liquidity risks.
- ▶ Continuation of the commercial paper (NEU CP) programme with a ceiling of €850 million. Debt issues under the programme

represented €158 million at 31 December 2020 compared with €449 million at 31 December 2019.

- ▶ Continuation of the Negotiable Euro Medium-Term Notes programme with a ceiling of €200 million. At 31 December 2020, debt issuance under the programme represented €64 million due within 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. 2019	Cash flows	Changes in scope of consolidation	Effect of changes in exchange rates	Changes in fair value	Other movements	31 Dec. 2020
Bonds	1,291	-	-	-	-	2	1,293
Bank loans	450	(3)	2	-	-	(142)	307
Medium-term notes (NEU MTN <sup>(*)</sup> )	64	2	-	-	-	(66)	-
Other debt	17	2	(3)	-	-	3	19
Financial instruments designated as hedges of debt	8	-	-	-	-	(8)	-
<b>Non-current liabilities arising from financing activities</b>	<b>1,830</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>(211)</b>	<b>1,619</b>
Bonds	-	-	-	-	-	-	-
Bank loans	13	2	-	(1)	-	144	158
Syndicated credit facility	-	300	-	-	-	-	300
Commercial paper and debt securities (NEU MTN <sup>(*)</sup> and NEU CP <sup>(**)</sup> )	449	(293)	-	-	-	66	222
Other debt	8	1	1	1	-	2	13
Financial instruments designated as hedges of debt	-	-	-	-	-	-	-
<b>Current liabilities arising from financing activities</b>	<b>470</b>	<b>10</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>212</b>	<b>693</b>
<b>Total liabilities arising from financing activities<sup>(***)</sup></b>	<b>2,300</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>2,312</b>
Debt related to put options granted to minority shareholders	12	-	(10)	-	-	22	24
Short-term bank loans and overdrafts	45	54	(1)	(7)	-	(9)	82
Accrued interest	17	(5)	-	-	10	(4)	18
<b>Total debt</b>	<b>2,374</b>	<b>60</b>	<b>(11)</b>	<b>(7)</b>	<b>10</b>	<b>10</b>	<b>2,436</b>

(\*) Negotiable Euro Medium-Term Notes.

(\*\*) Negotiable European Commercial Paper.

(\*\*\*) Net cash flows of total liabilities arising from financing activities for €11 million correspond to increases (€334 million) and decreases (€323 million) shown in the consolidated statement of cash flows.

**Net debt** breaks down as follows:

(in millions of euros)	31 Dec. 2020	31 Dec. 2019
Short-term investments and cash and cash equivalents	687	913
Financial instruments designated as hedges of debt with a positive fair value	16	-
Non-current debt <sup>(1)</sup>	(1,643)	(1,842)
Current debt	(793)	(532)
<b>Net debt</b>	<b>(1,733)</b>	<b>(1,461)</b>

(1) At 31 December 2019, non-current debt included financial instruments designated as hedges of debt with a negative fair value, representing €8 million.

**28.2 ANALYSIS OF DEBT BY MATURITY**Debt breaks down as follows by maturity **at 31 December 2020:**

	2021 <sup>(*)</sup>	2022	2023	2024	2025	Beyond 5 years	Total
Bonds	-	-	498	298	-	497	<b>1,293</b>
Bank loans	158	49	1	187	1	69	<b>465</b>
Financial instruments designated as hedges of debt	-	-	-	-	-	-	-
Syndicated credit facility	300	-	-	-	-	-	<b>300</b>
Debt related to put options granted to minority shareholders	-	1	-	2	-	21	<b>24</b>
Commercial paper <sup>(**)</sup>	222	-	-	-	-	-	<b>222</b>
Other debt	113	8	2	2	2	5	<b>132</b>
<b>At 31 December 2020</b>	<b>793</b>	<b>58</b>	<b>501</b>	<b>489</b>	<b>3</b>	<b>592</b>	<b>2,436</b>

(\*) Debt due within one year is reported in the consolidated balance sheet under "Current debt".

(\*\*) Commercial paper and medium-term notes.

Debt breaks down as follows by maturity **at 31 December 2019:**

	2020 <sup>(*)</sup>	2021	2022	2023	2024	Beyond 5 years	Total
Bonds	-	-	-	497	298	496	<b>1,291</b>
Bank loans	13	147	50	-	187	66	<b>463</b>
Financial instruments designated as hedges of debt	-	-	-	1	7	-	<b>8</b>
Debt related to put options granted to minority shareholders	-	3	-	3	-	6	<b>12</b>
Commercial paper <sup>(**)</sup>	449	64	-	-	-	-	<b>513</b>
Other debt	70	1	4	1	2	9	<b>87</b>
<b>At 31 December 2019</b>	<b>532</b>	<b>215</b>	<b>54</b>	<b>502</b>	<b>494</b>	<b>577</b>	<b>2,374</b>

(\*) 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 December 2020	Carrying amount	Value of hedging instruments <sup>(*)</sup>	Total	Effective interest rate <sup>(**)</sup>
13 April 2016 seven-year bond issue, for €500 million	498	(9)	489	2.90%
21 June 2017 seven-year bond issue, for €300 million	298	(2)	296	1.81%
16 October 2019 seven-year bond issue, for €500 million	497	(5)	492	2.26%
<b>Bonds</b>	<b>1,293</b>	<b>(16)</b>	<b>1,277</b>	
Syndicated credit facility	300	-	300	
Other debt	465	-	465	
<b>Bank loans</b>	<b>765</b>	<b>-</b>	<b>765</b>	
<b>Total</b>	<b>2,058</b>	<b>(16)</b>	<b>2,042</b>	

(\*) Fair value of derivative instruments designated as hedges of debt.

(\*\*) The effective interest rate on bonds includes the amortisation of the bond issue costs.

31 December 2019	Carrying amount	Value of hedging instruments <sup>(*)</sup>	Total	Effective interest rate <sup>(**)</sup>
13 April 2016 seven-year bond issue, for €500 million	497	1	498	2.90%
21 June 2017 seven-year bond issue, for €300 million	298	7	305	1.81%
16 October 2019 seven-year bond issue, for €500 million	496	-	496	2.26%
<b>Bonds</b>	<b>1,291</b>	<b>8</b>	<b>1,299</b>	
Other debt	463	-	463	
<b>Bank loans</b>	<b>463</b>	<b>-</b>	<b>463</b>	
<b>Total</b>	<b>1,754</b>	<b>8</b>	<b>1,762</b>	

(\*) 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 2020	Before hedging		After hedging	
		%		%
Eurozone	2,364	97.0	1,632	67.0
US dollar	3	0.1	465	19.1
Pound sterling	32	1.3	75	3.1
Australian dollar	-	0.0	29	1.2
Canadian dollar	-	0.0	68	2.8
Other	37	1.6	167	6.8
<b>Total</b>	<b>2,436</b>	<b>100.0</b>	<b>2,436</b>	<b>100.0</b>

## 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 193.0% (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 €851 million, while total liquidity reserves represent €1,642 million (€687 million in cash and cash equivalents and short-term investments and €955 million in confirmed undrawn credit lines, of which €950 million in respect of the syndicated credit line).

The liquidity reserve relates mainly to the syndicated credit facility contracted in May 2015 for €1,250 million, of which €950 million remained undrawn at 31 December 2020. At that date, the facility falls due on 11 May 2022.

On 18 December 2020, the Group signed an agreement to amend and extend its syndicated credit facility (effective from 8 January 2021), which provides it with access to a total of €1,102 million up to 11 May 2022 and then €1,002 million up to 31 March 2023.

This amendment to the syndicated credit agreement also includes a loan for €465 million, 80% of which is guaranteed by the French state. Details of the loan were published in France's Official Journal on 3 January 2021. On 8 January 2021, the Group drew down the full amount of this loan. The loan's initial one-year term can be extended for up to five additional one-year periods. This option may be exercised at the Company's discretion at the end of the initial one-year term.

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 53% of total gross debt at 31 December 2020 (54% of total gross debt at end-2019). An amount of €500 million falls due in 2023 and in 2026 and an amount of €300 million falls due in 2024 under bonds redeemable at maturity.

##### Risks arising from the application of default clauses on covenants

The €1,250 million syndicated credit agreement entered into in May 2015 and maturing in May 2022, contains a covenant relating to the ratio of net debt to adjusted EBITDA.

Net debt is defined in in note 3.2 and is calculated as set out in note 29.

Adjusted EBITDA is defined as recurring operating profit of fully consolidated companies and discontinued operations (recurring EBIT), less depreciation, amortisation and impairment of property, plant and equipment and intangible assets, amortisation of signing fees, depreciation of right-of-use assets under building leases, cancellation of the fixed lease expense relating to buildings and other leases, plus dividends received from equity-accounted companies.

Since 1 January 2019, date of the first-time application of IFRS 16, recurring operating profit of fully consolidated companies (see definition in note 3.2) excludes the impact of this standard on concession agreements only. Since lease liabilities are not considered to be borrowings, they are not included in the calculation of net debt. The syndicate behind the €1,250 million facility accepted the adjustment to the covenant in June 2019.

Breaching this ratio would entitle the lenders to demand early repayment of the loans granted.

The ratio is calculated every six months over a rolling 12-month period, on the basis of the published consolidated financial statements.

At 31 December 2020, the ratio stipulated by the covenant was suspended by the banks in the context of Covid-19.

Following the signature of the agreement to amend and extend the syndicated credit facility and secure a state-backed loan on 18 December 2020 (effective 8 January 2021), this ratio will be applicable at 31 December 2022 at a threshold of 4.5.

A liquidity indicator applies for the period March 2021 to September 2022, calculated each quarter based on the amount of cash and cash equivalents and the undrawn portion of the syndicated credit facility. The specified threshold increases from €750 million to €1,000 million as from December 2021.

The amendment to the syndicated credit agreement and the state-backed loan also stipulate that (i) Lagardère SCA shall not pay any dividends in 2020 in respect of 2019 or in 2021 in respect of 2020, (ii) the maximum dividend that may be paid in 2022 in respect of 2021 is €0.50 per share, on condition that net debt is less than €2,000 million, (iii) the maximum dividend that may be paid in 2023 in respect of 2022 is €1.30 per share, and (iv) the maximum dividend that may be paid from 2024 onwards is €1.30 per share, with the possibility of an increase in this amount depending on the level of the leverage ratio. There is also a limit of €5 million per annum on share buybacks carried out outside the scope of the liquidity agreement for as long as the leverage ratio remains above 3.5x.

##### Interest rate risks

Fixed-interest bonds account for 53% of total gross debt.

The €498 million worth of bonds issued in 2016 and maturing in 2023 bear interest at a fixed rate (effective interest rate of 2.90%). The €298 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 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 €687 million at 31 December 2020. Variable-rate debt stood at €1,092 million at 31 December 2020 (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 2020 a sudden rise in interest rates would have a limited impact on the Group's net finance costs.

At 31 December 2020 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 2020, the foreign currency hedges set up for all of the Group's divisions – in the form of direct forward agreements – amounted to €53 million (sales) and €78 million (purchases).

The Group does not hedge the income statement translation risk. Its main exposures in this respect are given below.

The percentage of 2020 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	50%
▶ US dollar	22%
▶ Pound sterling	8%
▶ Other	20%
<b>Total</b>	<b>100%</b>

Based on accounting data for 2020, 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:

**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. 2020	Market capitalisation at 31 Dec. 2020
Lagardère SCA	1,590,628	1.21%	20.48	€32,576,061
Pension plan assets invested in equities				€30,095,069

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 €280 million at 31 December 2020, of which 11%, or €30 million, is invested in equities (see note 27.1).

Currency	Impact on 2020
US dollar <sup>(*)</sup>	€(2) million
Pound sterling <sup>(**)</sup>	€(6) million

(\*) 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 €362 million at 31 December 2020.

For long-term investments including acquisitions, the Group may set up medium-term borrowings in the investment currency. At 31 December 2020, instruments classified as net investment hedges represented an amount of €395 million, denominated mainly in US dollars.

**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. 2020	31 Dec. 2019	31 Dec. 2020	31 Dec. 2019	2020	2019
Cross-currency swaps designated as hedges of debt <sup>(*)</sup>	Net investment	350	383	16	(8)	24	(15)
Currency swaps designated as hedges of debt <sup>(*)</sup>	Fair value	537	506	-	-	-	-
Operating currency hedges (forward purchases and sales)	Cash flows and fair value	130	384	(2)	(2)	-	(5)
<b>Total</b>		<b>1,017</b>	<b>1,273</b>	<b>14</b>	<b>(10)</b>	<b>24</b>	<b>(20)</b>

(\*) The change in the fair value of financial instruments designated as hedges of debt represented a positive €24 million at 31 December 2020, recognised in other comprehensive income.

Details of the cross-currency swaps hedging debt at 31 December 2020 are as follows:

Nominal amounts represent USD 430 million, with maturities at April 2023, June 2024 and June 2026. At 31 December 2019, 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 *Schuldscheindarlehen* German law private placement. From an economic standpoint, the derivatives enable the Group to convert fixed-rate euro-denominated bonds into fixed-rate US dollar-denominated debt.

The maturity of other derivatives is within one year.

### Interest rate risks

The Group does not use daily active interest rate management techniques in relation to any of its financial assets or liabilities.

Cash investments are made in fixed-income instruments selected for their high-quality issuer entities and with maturities appropriate to the planned duration of the investments. Speculative or high-risk investments are not permitted.

There are no derivatives related to these investments.

## 29.2 CREDIT AND COUNTERPARTY RISKS

Credit and counterparty risk represents the risk of financial loss for the Group in the event of default by a customer or debtor on its contractual obligations. This risk mainly relates to trade receivables.

### 29.2.1 EXPOSURE

The Group's exposure to credit and counterparty risk arises principally from:

- ▶ customer receivables and commitments received in connection with commercial contracts;
- ▶ investments made to deposit surplus cash and/or to cover pension and other post-employment benefit obligations;
- ▶ hedging contracts in which the counterparties are financial institutions.

Total customer receivables represented €1,050 million at 31 December 2020. 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:

(%)	2020	2019
Largest customer	11.1	5.1
Five largest customers	18.4	9.3
Ten largest customers	23.3	12.0

The Group's short-term investments and cash and cash equivalents came to €687 million at 31 December 2020. 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 €280 million (including €259 million in the United Kingdom). A total of 38% of these assets are invested in bonds.

Hedging contracts are primarily entered into to hedge foreign exchange risks. Their notional amount was €1,017 million at 31 December 2020. The economic risk associated with these contracts depends on currency and interest rate fluctuations, and only represents a fraction of this notional amount. The counterparties in these contracts are leading banks.

The Group's counterparties are exposed to risks associated with the general economic environment, and as a result the possibility of default cannot be ruled out.

### 29.2.2 CREDIT AND COUNTERPARTY RISK MANAGEMENT

Each division is responsible for managing its own credit risk in a decentralised way as appropriate to the specificities of its market and customer base.

For new customers with the potential for large volumes of business with the Group, analyses are carried out and information (such as external credit ratings or bank references) is sought before entering into transactions, and specific guarantees or credit insurance may be arranged as a result. Counterparty-specific credit limits may also be set.

In newly-consolidated activities, measures are taken to progressively introduce monitoring procedures that are appropriate for the types of credit risk faced by the entity concerned.

The Group has set up periodic reporting on counterparty risks to monitor its overall risk exposure to its principal counterparties, the variations in accumulated receivables, and the level of related provisions, and to oversee the measures put in place for managing this type of risk. The Financial Risk Committee periodically reviews these reports.

The Treasury and Financing Department is responsible for ensuring that the financial institutions with which the Group does business are of good quality.

**NOTE 30 FINANCIAL INSTRUMENTS****30.1 CARRYING AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS**

Financial assets and liabilities measured at fair value consist of the following derivative instruments:

	31 Dec. 2020	31 Dec. 2019
<b>Derivative financial instruments with a positive fair value – Assets</b>	<b>17</b>	<b>1</b>
- Financial instruments designated as hedges of debt	<b>16</b>	-
- Currency swaps (effective portion)	<b>1</b>	1
<b>Derivative financial instruments with a negative fair value – Liabilities</b>	<b>(3)</b>	<b>(10)</b>
- Financial instruments designated as hedges of debt	-	<b>(8)</b>
- Currency swaps (effective portion)	<b>(3)</b>	<b>(2)</b>
<b>Total (net)</b>	<b>14</b>	<b>(9)</b>

## 30.2 FINANCIAL INSTRUMENTS RECOGNISED IN THE BALANCE SHEET

	31 Dec. 2020		Breakdown by category of instrument <sup>(1)</sup>				
	Carrying amount	Fair value	Amortised cost	Fair value through other comprehensive income subsequently reclassified to profit or loss	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments
Investments in non-consolidated companies	43	43			43		
Other non-current financial assets	154	154	154				
Trade receivables	1,050	1,050	1,050				
Derivative financial instruments	17	17					17
Other current financial assets	674	674	674				
Short-term investments	-	-			-		
Cash equivalents	10	10				10	
Cash and cash equivalents	677	677	677				
<b>Assets</b>	<b>2,625</b>	<b>2,625</b>	<b>2,555</b>		<b>43</b>	<b>10</b>	<b>17</b>
Bonds and bank loans	2,058	2,035		2,058			
Other debt	378	378		378			
Other non-current financial liabilities	31	31	31				
Trade payables	1,042	1,042	1,042				
Derivative financial instruments	3	3					3
Other current financial liabilities	1,192	1,192	1,192				
<b>Liabilities</b>	<b>4,704</b>	<b>4,681</b>	<b>2,265</b>	<b>2,436</b>			<b>3</b>

(1) There were no reclassifications between categories of financial instruments in 2020.



	31 Dec. 2019		Breakdown by category of instrument <sup>(1)</sup>				
	Carrying amount	Fair value	Amortised cost	Fair value through other comprehensive income subsequently reclassified to profit or loss	Fair value through other comprehensive income not subsequently reclassified to profit or loss	Fair value through profit or loss	Derivative financial instruments
Investments in non-consolidated companies	43	43			43		
Other non-current financial assets	111	111	111				
Trade receivables	1,068	1,068	1,068				
Derivative financial instruments	1	1					1
Other current financial assets	715	715	715				
Short-term investments	-	-			-		
Cash equivalents	33	33				33	
Cash	880	880	880				
<b>Assets</b>	<b>2,851</b>	<b>2,851</b>	<b>2,774</b>		<b>43</b>	<b>33</b>	<b>1</b>
Bonds and bank loans	1,754	1,794		1,754			
Other debt	612	612		612			
Other non-current financial liabilities	37	37	37				
Trade payables	1,249	1,249	1,249				
Derivative financial instruments	10	10					10
Other current financial liabilities	1,207	1,207	1,207				
<b>Liabilities</b>	<b>4,869</b>	<b>4,909</b>	<b>2,493</b>	<b>2,366</b>			<b>10</b>

(1) There were no reclassifications between categories of financial instruments in 2019.

### 30.3 FINANCIAL INSTRUMENTS – FAIR VALUE HIERARCHY

The revised version of IFRS 7 – Financial Instruments – Disclosures, sets out the methods to be used in determining fair value by reference to a fair value hierarchy which has the following levels:

Level 1: Instrument listed in an active market.

Level 2: Instrument valued using techniques based on observable market data.

Level 3: Instrument valued using techniques based on unobservable data.

In addition, certain investments are carried at acquisition cost if the Group does not have sufficiently reliable information for valuation, particularly when there is no active market for an instrument (see note 3.14 above).

Lagardère's financial instruments are classified as follows under this hierarchy:

	Category of instrument <sup>(1)</sup>			Fair value hierarchy <sup>(2)</sup>			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	
<b>31 December 2020</b>							
Investments in non-consolidated companies	43						43
- <i>FCPI Idinvest Digital Fund II</i>	11						11
- <i>Other</i>	32						32
Derivative financial instruments with a positive fair value			17		17		
Short-term investments	-			-			
- <i>Shares</i>	-			-			
- <i>Bonds</i>	-			-			
Cash equivalents		10		10			
- <i>Marketable securities</i>		10		10			
<b>Total financial instruments with a positive fair value</b>	<b>43</b>	<b>10</b>	<b>17</b>	<b>10</b>	<b>17</b>		<b>43</b>
Derivative financial instruments with a negative fair value			3		3		
<b>Total financial instruments with a negative fair value</b>			<b>3</b>		<b>3</b>		

(1) There were no reclassifications between categories of financial instruments in 2020.

(2) There were no reclassifications between fair value hierarchy levels in 2020.

	Category of instrument <sup>(1)</sup>			Fair value hierarchy <sup>(2)</sup>			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	
<b>31 December 2019</b>							
Investments in non-consolidated companies	43						43
- <i>FCPI Idinvest Digital Fund II</i>	11						11
- <i>Other</i>	32						32
Derivative financial instruments with a positive fair value			1		1		
Short-term investments	-			-			
- <i>Shares</i>	-			-			
- <i>Bonds</i>	-			-			
Cash equivalents		33		33			
- <i>Marketable securities</i>		33		33			
<b>Total financial instruments with a positive fair value</b>	<b>43</b>	<b>33</b>	<b>1</b>	<b>33</b>	<b>1</b>		<b>43</b>
Derivative financial instruments with a negative fair value			10		10		
<b>Total financial instruments with a negative fair value</b>			<b>10</b>		<b>10</b>		

(1) There were no reclassifications between categories of financial instruments in 2019.

(2) There were no reclassifications between fair value hierarchy levels in 2019.

## NOTE 31 OTHER LIABILITIES

Other liabilities break down as follows:

	31 Dec. 2020	31 Dec. 2019
Due to suppliers of non-current assets	16	22
Total contract liabilities	14	14
Other liabilities	15	15
<b>Other non-current liabilities</b>	<b>45</b>	<b>51</b>
Accrued taxes and payroll costs	330	347
Refund liabilities	308	289
Due to authors	288	258
Total contract liabilities	4	6
Due to customers	96	87
Deferred income	48	42
Advances and prepayments	25	7
Derivative financial instruments <sup>(*)</sup>	3	2
Sundry payables	96	177
<b>Other current liabilities</b>	<b>1,198</b>	<b>1,215</b>
<b>Total other liabilities</b>	<b>1,243</b>	<b>1,266</b>

(\*) 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 2020, the estimated amount of returns recognised within refund liabilities was €308 million, versus €289 million at 31 December 2019.

**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. 2020	31 Dec. 2019
Bonds, bank loans and syndicated credit facilities (net of derivatives)	458	1,024	560	2,042	1,763
Other debt	335	17	26	378	612
Other non-current financial liabilities	5	13	13	31	37
Trade payables	1,034	8	-	1,042	1,249
Currency swaps	3	-	-	3	10
Other current financial liabilities	1,180	12	-	1,192	1,199
<b>Total financial liabilities</b>	<b>3,015</b>	<b>1,073</b>	<b>599</b>	<b>4,688</b>	<b>4,870</b>
Expected bank interest on debt <sup>(*)</sup>	37	87	9	133	167
Commitments for future capital expenditure	-	-	-	-	-
<b>Total contractual obligations excluding lease liabilities</b>	<b>3,052</b>	<b>1,160</b>	<b>608</b>	<b>4,821</b>	<b>5,037</b>

(\*) Variable-rate interest payable has been calculated based on the rates in force at 31 December 2020. 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**

Lagardère Sports was sold on 22 April 2020 to H.I.G. Capital (see note 4.3). 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. 2020	31 Dec. 2019
<b>Commitments given in the normal course of business</b>		
Guarantees and performance bonds	370	358
Guarantees given to third parties and non-consolidated companies	28	64
Other commitments given	17	19
Commitments on assets	1	1
<b>Commitments received</b>		
Counter-guarantees of commitments given	-	-
Other commitments received	6	6
<b>Confirmed, unused lines of credit</b>	<b>955</b>	<b>1,262</b>
<i>Of which unused lines on the syndicated credit facility</i>	<i>950</i>	<i>1,250</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 (Lagardère Publishing division) was held liable for territorial exclusivity with the intention or effect of partitioning the Swiss market (one of the three original charges).

This decision was upheld by the Federal Administrative Court on 30 October 2019.

On 13 January 2020, Diffulivre filed an appeal with the Federal Court, which suspended the effects of the ruling pending the Court's forthcoming decree.

**Competition investigations in the school textbook market in Spain**

Following a complaint filed by a publisher, the Spanish competition authority (CNMC) carried out searches at the premises of the ANELE (the school textbook publishers' trade association) and three publishers (including Anaya, a subsidiary of Hachette Livre), and subsequently launched a sanction procedure in October 2017.

On 30 May 2019, the CNMC issued its ruling which followed the recommendation of its investigating officers, and ordered Anaya and a number of its subsidiaries to pay total damages of approximately €8 million for:

- ▶ discussions held between publishers – with a view to promoting ethical behaviour and ensuring buyers' independence – about providing for a special clause in an ANELE Code of Conduct that limits the bonuses and gifts offered by publishers to buyers' organisations when those organisations order textbooks; and
- ▶ discussions between publishers about the terms and conditions for selling digital versions of textbooks when negotiations are carried out with certain regions.

Anaya has filed an appeal against this decision with the Spanish national court (*Audiencia Nacional*), which had the effect of suspending payment of the fine.

**Class action against Hachette Book Group**

In the United States, class action suits were brought against Amazon and certain e-book publishers, including Hachette Book Group, in January and February 2021. The suits allege a breach of US anti-trust law, specifically in relation to price fixing. Hachette Book Group disputes these allegations along with the admissibility of the class action.

**Tax reassessments at Lagardère Duty Free and LS Travel Retail Italia**

Lagardère Duty Free and LS Travel Retail Italia jointly received a tax reassessment notice in December 2015 relating to registration duties for an amount of €7.6 million, including late-payment interest, relating to the reclassification of the sale of an investment between the two parties as a sale of business assets (fonds de commerce). This amount had to be paid since there was no possibility of delaying payment without incurring a fine. The Group

did not believe that the reclassification was legally founded and the reassessment was appealed before the courts, which handed down contradictory decisions in the first instance. All appeal decisions were handed down in favour of the Company in 2017 and 2018, and in March 2020 LS Travel Retail Italia obtained a refund of the €7.6 million paid. The tax authorities have filed an appeal with the Supreme Court against these decisions.

In December 2019, LS Travel Retail Italia received a "Report of Verification" (tax reassessment notice) for a tax basis of €4.3 million 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 Group considers it has solid arguments in its defence and will challenge the reassessment.

**Monla/Lagardère Travel Retail & Chalhoub arbitration**

Between end-2016 and early 2017, Lagardère Travel Retail ("LTR"), Monla Group SAL Holding ("Monla") and Chalhoub Group Limited ("Chalhoub") began talks regarding a potential joint response to a request for proposals for a Duty Free concession at Beirut airport.

On 10 May 2017, Monla had filed an arbitration claim against LTR and Chalhoub with the International Chamber of Commerce, asserting wrongful behaviour in the conduct and suspension of their three-party discussions. Monla was seeking damages (plus miscellaneous expenses) from the respondents for the alleged harm caused, in particular to its image, and for loss of opportunity. At the end of December 2019, the arbitration tribunal dismissed all of Monla's claims. Monla may submit an action for annulment of the decision, subject to the applicable legal deadlines.

**Call on the vendor warranty granted in connection with the sale of distribution businesses in Belgium to the bpost group**

Lagardère Travel Retail granted a vendor warranty in connection with the sale of the integrated distribution and retail subsidiaries to bpost in November 2016. Although the bpost group had sought to enforce the warranty on several occasions, Lagardère Travel Retail had considered its specific demands to be both inadmissible and unfounded and had responded to bpost to this effect. The bpost group launched arbitration proceedings before the International Chamber of Commerce on 27 March 2019. The case is ongoing.

**Litigation with photographers**

Disputes are in process with freelance and salaried photographers who contributed to magazines published by the Group. Most of these disputes concern returns of analogue photographic archives and retaining photographs, as well as the resulting operating losses. The proceedings are still ongoing and are progressing in a manner generally favourable to the Group; the related financial claims still seem excessive however.

**Dispute with former employees of Matra Manufacturing & Services (formerly Matra Automobile)**

Following the termination of automotive manufacturing operations at Matra Manufacturing & Services (MMS), and the ensuing redundancy plans set up in 2002 and 2003, a number of former employees filed a claim with the employment tribunal alleging that they had been unfairly dismissed. The basis for this claim was that MMS had not complied with its obligations (i) to redeploy the employees in-house, as it did not provide each of them with a written individual proposal to take up positions that had become available as a result of departures from the Spare Parts Department (departures to which MMS had agreed at the request of the Works Council), and

(ii) to properly inform the Regional Employment Authorities in relation to its external redeployment requirement.

MMS disputed this allegation on the grounds that it had respected all of its obligations.

On 14 January 2014, the section of the Blois employment tribunal responsible for cases concerning industry ordered MMS to pay 305 former employees a sum of €18,000 each in compensation, plus €300 each in costs in accordance with Article 700 of the French Civil Procedure Code (*Code de procédure civile*). However, no provisional enforcement order was issued for this judgement.

On 21 March 2014, the section of the Blois employment tribunal responsible for cases concerning managerial employees ordered MMS to pay seven former employees sums ranging between €15,000 and €17,800 each in compensation, but with no costs payable under Article 700 of the French Civil Procedure Code. No provisional enforcement order was issued for this judgement either. MMS has appealed these judgements. The cases were joined before the Court of Appeal and on 16 September 2015, based on the arguments put forward by MMS, the Court overturned the employment tribunal's judgements and rejected all of the former employees' claims.

The former employees appealed this decision before the Court of Cassation, which on 26 October 2017, partially overturned the rulings made by the Court of Appeal concerning the internal redeployment obligation. The case was referred to the Bourges Court of Appeal, which on 31 January 2020 upheld the rulings of the Blois employment tribunal but modified the compensation payable to the employees. The total compensation represents around €4.3 million (excluding Article 700 of the French Civil Procedure Code).

#### Legal proceedings against Amber Capital

On 8 November 2019, Lagardère SCA and Lagardère Capital & Management initiated proceedings before the Paris Commercial Court seeking damages from Amber Capital as compensation for the respective harm caused by numerous cases of abuse of minority shareholder powers, smears and acts of harassment. Lagardère SCA's losses are currently estimated at almost €84 million.

#### Disputes that continue to be managed by the Group following the sale of press operations to the CMI group and of the Sports division to H.I.G. Capital

##### ► Commercial disputes resulting from the shutdown of LA Webco

On account of a vendor's warranty granted to the CMI group in connection with the sale to CMI of press operations, the Group remains bound by the outcome of certain disputes relating to the 2013 shutdown of LA Webco, a former Lagardère Active subsidiary responsible for operating the Elle and BE e-commerce businesses. In one of these disputes, the Paris Court of Appeal handed down a ruling on 3 July 2020 ordering the Group to pay €2.7 million in damages to a former supplier of logistics services. The Group has appealed the decision. Another dispute between the Group and a provider of e-commerce solutions is currently pending before the Paris Court of Appeal.

##### ► WSG India and WSG Mauritius/Indian Premier League contracts

In 2007, the BCCI (Board of Control for Cricket in India) launched a call for tenders for the worldwide rights to its new cricket competition, the Indian Premier League (IPL), until 2017. WSG India – which became a subsidiary of Lagardère Sports and Entertainment in May 2008 – was awarded most of these rights in early 2008, with the remainder awarded to an unrelated operator, MSM.

A global reorganisation of the distribution of these rights took place in March 2009 at the initiative of the BCCI. In the context

of the negotiations, the BCCI granted to WSG India the IPL rights worldwide, excluding the Indian subcontinent, for the period from 2009 to 2017.

In June 2010, the BCCI terminated the 2009/2017 contract to market IPL rights worldwide, excluding the Indian subcontinent, and WSG India immediately began proceedings in order to preserve its rights.

In spring 2011, the Indian Supreme Court took a series of interim measures that – without calling into question the marketing already carried out by WSG India and without prejudging the substance of the case – temporarily granted the BCCI, under the supervision of the Court and pending the final ruling, media rights to the IPL outside the Indian subcontinent that are not already marketed by WSG India, as well as recovery of the amounts owed by the broadcasters and held in escrow. An arbitration award was handed down on 13 July 2020 in respect of the proceedings on the merits of the case, dismissing WSG India's compensation claim. Based on this award, the BCCI recovered the amounts held in escrow. WSG India has filed an appeal for annulment of the award on the grounds that it has no legal basis, and has applied to the competent Indian courts to have the sums concerned taken back into escrow.

On 13 October 2010 the BCCI filed a criminal complaint with the Chennai police authorities in India against seven individuals, including the former President of the IPL and four managers of WSG India, alleging breaches of the Indian criminal code in connection with the attribution to WSG India in March 2009 of certain IPL media rights for the 2009-2017 seasons. The investigation has not progressed since 2010.

After the Indian tax authorities' audit of WSG India's operations, the company was issued with tax reassessment notices representing an overall liability of around €11.4 million at 31 December 2020. 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 Participations. They are not part of the scope sold to H.I.G. Capital.

##### ► Competition proceedings in Africa concerning the commercialisation of the rights of the Confederation of African Football

On 3 January 2017, the Egyptian Competition Authority (ECA) issued a decision against the Confederation of African Football (CAF) in which it alleged that the CAF was abusing its dominant position concerning the commercialisation of its media rights in Egypt through its agency agreement, in force until 2028, with Lagardère Sports (now Sportfive). This decision contained a number of injunctions, including the cancellation of the agency agreement for the Egyptian market. The case was subsequently referred to the Cairo Economic Court on the grounds of alleged anti-competitive behaviour by CAF's former Chairman and its Secretary General.

Meanwhile, in February 2017, the CCC (the Competition Commission entrusted with merger regulation in COMESA – the Common Market of Eastern and Southern Africa) opened an investigation into the commercialisation of the media and marketing rights for the CAF's tournaments, notably covering

the above-mentioned agency agreement and the other contracts entered into between the CAF and its various partners (three broadcasters and two sponsors) through Sportfive. Sportfive received notification from the CCC on 16 April 2019, conferring on it the status of respondent in the Commission's investigations. The CCC's investigating officers subsequently sent their report to the parties on 23 July 2019. The report considers that the aforementioned contracts would have anti-competitive effects and recommends several measures affecting in particular the term of said contracts. Sportfive submitted its response to the report on 31 October 2019, disputing the CCC's analysis. The investigating officers' report and the parties' replies are to be submitted to a CCC committee which will take a decision only after a hearing. This decision may be appealed.

In this respect, on 28 October 2019 the CAF notified Sportfive that it considered its agency contract with Sportfive to be terminated. Sportfive strongly contests this decision, which, in its view, is

unreasonable and has no legal basis. On 6 December 2019, Sportfive therefore initiated arbitration proceedings in which it is seeking damages for the harm caused.

In accordance with the agreements signed with H.I.G. Capital, Lagardère is managing this dispute on behalf of Sportfive.

#### Tax authorities/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 SCA's Executive Committee for 2020 amounted to €8.98 million, and €17.6 million including related charges. The figure with charges includes a provision recorded for the supplementary pension plan. The corresponding figures for 2019 were €9.6 million and €15 million, respectively. In 2020, these amounts take into account the maximum amount accrued in respect of annual variable remuneration, the payment of which will in any case be contingent on the approval of the General Meeting. The second amount also takes into account the amount accrued for severance payments (including related charges) following the departure of a member of the Executive Committee.

In 2020, none of these beneficiaries received attendance fees from any Group company and no rights to free shares were awarded. In 2019, none of the beneficiaries received any attendance fees and they were awarded 108,000 rights to free shares.

### 35.2 RELATED-PARTY TRANSACTIONS

#### Service agreement

Lagardère Capital & Management – which is controlled and chaired by Arnaud Lagardère, who is also General and Managing Partner of Lagardère SCA, provides an array of management resources and skills to the Group.

To accomplish its mission, LC&M employs the principal senior executives forming the Group's Executive Committee. The role of the Executive Committee is to assist the Managing Partners 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. LC&M bears the entire cost of its senior managers' salaries and the related overheads as well as the fees billed by any French and/or international consultants that they may work with.

LC&M carries out its mission within the framework of a service agreement with Lagardère Ressources, which is responsible for managing all of the Group's corporate resources. After examination by the Audit Committee, this agreement was approved by the Supervisory Board on 12 March 2004. Since the inception of the agreement, the work performed has been described each year in the Statutory Auditors' report on related party agreements and commitments, in accordance with the requirements of articles L. 226-10 and R. 226-2 of the French Commercial Code.

Since 2004, under the service agreement Lagardère Capital & Management's remuneration has equalled the amount of expenses incurred in carrying out its mission, plus a margin of 10%, capped in absolute value terms at €1 million. These expenses are examined each fiscal year by the Audit Committee, which issues an opinion on their changes and developments before submitting them to the Supervisory Board.

In light of the acquisition by the Arnault Group of a stake in Lagardère Capital & Management through its subsidiary Financière Agache, the service agreement and all of its component parts, including the employment contracts of Executive Committee members and the supplementary pension benefit commitments, were transferred without any modifications to a new entity, Lagardère Management, exclusively controlled and chaired by Arnaud Lagardère, under the terms of a partial transfer of assets involving a full business transfer (*transmission universelle du patrimoine*). As of 31 August 2020, Lagardère Management automatically replaced Lagardère Capital & Management with regard to the performance of the service agreement. The operation took effect retroactively on 1 July 2020 for accounting and tax purposes.

The maximum fees due under the service agreement for 2020 total €18 million (€19.2 million for 2019). This amount includes a maximum provision accrued for variable remuneration payable to members of the Executive Committee. 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 2021 General Meeting for approval.

#### Other transactions

The other transactions with related parties in 2020 undertaken in the normal course of business took place under arm's length conditions. In particular, Lagardère SCA has not identified any agreements, other than those relating to normal business operations and conducted under arm's length conditions, entered into in 2020 directly or via an intermediary, between (i) any of the Managing Partners, any members of the Supervisory Board or any shareholders of Lagardère SCA owning more than 10% of the voting rights and (ii) any subsidiaries more than 50%-owned by Lagardère SCA directly or indirectly.

**NOTE 36** EVENTS AFTER THE REPORTING PERIOD**State-backed loan for €465 million and signature of an agreement to amend and extend the maturity of the revolving credit facility to March 2023**

In view of the uncertainty surrounding the ongoing health crisis, the Lagardère group has consolidated its financial position by arranging a state-backed loan and amending and extending the term of its revolving credit facility. These agreements took effect in early January 2021.

Lagardère arranged with its main French and European banking partners a €465 million loan, of which 80% is guaranteed by the French state. The loan was validated by publication of the decision of the Ministry of the Economy, Finance and Recovery dated 31 December 2020 in France's Official Journal of 3 January 2021. On 8 January 2021, the Group drew down the full amount of this loan.

The maturity of the state-backed loan is 12 months, with an extension option for up to five additional years. This option may be exercised at the Company's discretion at the end of the initial one-year term.

At the same time, Lagardère amended and extended the maturity of its revolving credit facility with its banking partners, which involved:

- ▶ adjusting the amount of the facility to €1.1 billion;
- ▶ extending the term of a €1.0 billion tranche from May 2022 to March 2023;
- ▶ redefining the covenants over this period to take account of the impacts of the health crisis on all of the Lagardère group's businesses.



**NOTE 37 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS**

(in thousands of euros)	2020			
	Mazars	%	Ernst & Young et Autres	%
Statutory audit, certification, review of individual and consolidated financial statements	3,512	92.3	2,355	85.3
- Lagardère SCA	255	6.7	259	9.4
- Fully consolidated subsidiaries	3,257	85.6	2,096	75.9
<b>Sub-total</b>	<b>3,512</b>	<b>92.3</b>	<b>2,355</b>	<b>85.3</b>
Non-audit services	291	7.7	405	14.7
- Lagardère SCA	-	-	76	2.8
- Fully consolidated subsidiaries	291	7.7	329	11.9
<b>Sub-total</b>	<b>291</b>	<b>7.7</b>	<b>405</b>	<b>14.7</b>
<b>Total</b>	<b>3,803</b>	<b>100.0</b>	<b>2,760</b>	<b>100.0</b>

(in thousands of euros)	2019			
	Mazars	%	Ernst & Young et Autres	%
Statutory audit, certification, review of individual and consolidated financial statements	4,335	90.1	3,374	78.9
- Lagardère SCA	172	3.6	176	4.1
- Fully consolidated subsidiaries	4,163	86.5	3,198	74.8
<b>Sub-total</b>	<b>4,335</b>	<b>90.1</b>	<b>3,374</b>	<b>78.9</b>
Non-audit services	475	9.9	904	21.1
- Lagardère SCA	-	-	139	3.2
- Fully consolidated subsidiaries	475	9.9	765	17.9
<b>Sub-total</b>	<b>475</b>	<b>9.9</b>	<b>904</b>	<b>21.1</b>
<b>Total</b>	<b>4,810</b>	<b>100.0</b>	<b>4,278</b>	<b>100.0</b>

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 2020**

Companies controlled and fully consolidated at 31 December 2020:

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
<b>LAGARDÈRE PUBLISHING</b>				
HACHETTE LIVRE	58 rue Jean Bleuzen – 92170 VANVES	602 060 147	100.00	100.00
AUDIOLIB	21 rue du Montparnasse – 75006 PARIS	499 165 694	59.99	100.00
BIBLIO PARTICIPATIONS	58 rue Jean Bleuzen – 92170 VANVES	377 627 583	100.00	100.00
BLACKROCK GAMES	10 Rue des Pâles - 63540 ROMAGNAT	493 708 317	69.00	69.00
BRAINBOW LIMITED	LONDON (UNITED KINGDOM)		100.00	100.00
CALMANN LÉVY	21 rue du Montparnasse – 75006 PARIS	572 082 279	84.92	84.92
CENTRE DE TRAITEMENT DES RETOURS	137 route de Corbeil – 91160 LONGJUMEAU	381 737 519	100.00	100.00
CYBERTERRE	58 rue Jean Bleuzen – 92170 VANVES	434 661 419	50.00	100.00 <sup>(*)</sup>
DIFFULIVRE	SAINT SULPICE (SWITZERLAND)		100.00	100.00
DILIBEL	ALLEUR (BELGIUM)		100.00	100.00
DUNOD ÉDITEUR	11 rue Paul Bert – 92240 MALAKOFF	316 053 628	100.00	100.00
EDELSA	MADRID (SPAIN)		100.00	100.00
ÉDITIONS ALBERT RENÉ	58 rue Jean Bleuzen – 92170 VANVES	950 026 757	100.00	100.00
ÉDITIONS JEAN-CLAUDE LATTÈS	17 rue Jacob – 75006 PARIS	682 028 659	100.00	100.00
ÉDITIONS LAROUSSE	21 rue du Montparnasse – 75006 PARIS	451 344 170	100.00	100.00
ÉDITIONS STOCK	21 rue du Montparnasse – 75006 PARIS	612 035 659	100.00	100.00
ÉDUCATION MANAGEMENT	11 rue Paul Bert – 92240 MALAKOFF	582 057 816	100.00	100.00
GIGAMIC	rue Jean-Marie Bourguignon – 62930 WIMEREUX	382 915 882	100.00	100.00
GROUPE HATIER INTERNATIONAL	11 rue Paul Bert – 92240 MALAKOFF	572 079 093	100.00	100.00
GRUPO PATRIA CULTURAL	MEXICO CITY (MEXICO)		100.00	100.00
HL 93	58 rue Jean Bleuzen – 92170 VANVES	390 674 133	99.99	100.00
HL FINANCES	11 rue Paul Bert – 92240 MALAKOFF	384 562 070	99.99	100.00
HACHETTE CANADA INC.	MONTREAL (CANADA)		100.00	100.00
HACHETTE COLLECTIONS	58 rue Jean Bleuzen – 92170 VANVES	395 291 644	100.00	100.00
HACHETTE COLLECTIONS JAPON	TOKYO (JAPAN)		100.00	100.00
HACHETTE COLLECTIONS RUSSIE	MOSCOW (RUSSIA)		100.00	100.00
HACHETTE FASCICOLI	MILAN (ITALY)		100.00	100.00
HACHETTE JEUX INC.	MONTREAL (CANADA)		100.00	100.00
HACHETTE LIVRE ESPANA	MADRID (SPAIN)		100.00	100.00
HACHETTE LIVRE USA INC	NEW YORK (UNITED STATES)		100.00	100.00
HACHETTE PARTWORKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE POLSKA	WARSAW (POLAND)		100.00	100.00
HACHETTE UK HOLDING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ICE PARTICIPATIONS	58 rue Jean Bleuzen – 92170 VANVES	829 164 110	96.58	100.00
ISCOOL ENTERTAINMENT	43 rue d'Aboukir – 75002 PARIS	435 269 170	96.58	100.00
KWYK	61 rue de Maubeuge – 75009 PARIS	537 961 369	100.00	100.00
LA DIFF	58 rue Jean Bleuzen – 92170 VANVES	429 980 857	100.00	100.00
LA PLAGE	58 rue Jean Bleuzen – 92170 VANVES	445 282 163	100.00	100.00
LAROUSSE	21 rue du Montparnasse – 75006 PARIS	401 457 213	100.00	100.00
LAROUSSE EDITORIAL SL	BARCELONA (SPAIN)		100.00	100.00
LELIVRESCOLAIRE.FR Editions	14 rue Rhin et Danube - 69009 LYON	524 383 585	70.00	70.00
LIBRAIRIE ARTHÈME FAYARD	13 rue du Montparnasse – 75006 PARIS	562 136 895	100.00	100.00

(\*) The limited partnership confers control to Lagardère Publishing.

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
LIBRAIRIE GÉNÉRALE FRANÇAISE (LGF)	21 rue du Montparnasse – 75006 PARIS	542 086 749	59.99	100.00
OSMOSE	rue Jean-Marie Bourguignon – 62930 WIMEREUX	449 308 675	100.00	100.00
PIKA ÉDITION	58 rue Jean Bleuzen – 92170 VANVES	428 902 704	66.67	100.00
SAMAS	11 rue Paul Bert – 92240 MALAKOFF	775 663 321	100.00	100.00
STUDIO 58	58 rue Jean Bleuzen – 92170 VANVES	831 212 527	100.00	100.00
SOCIÉTÉ DES ÉDITIONS GRASSET ET FASQUELLE	61 rue des Saints Pères – 75006 PARIS	562 023 705	98.97	100.00
WATTS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
<b>HATIER GROUP</b>				
LES ÉDITIONS HATIER	8 rue d'Assas – 75006 PARIS	352 585 624	100.00	100.00
LES ÉDITIONS DIDIER	13 rue de l'Odéon – 75006 PARIS	313 042 541	100.00	100.00
LIBRAIRIE PAPERIE NATIONALE	CASABLANCA (MOROCCO)		100.00	100.00
RAGEOT ÉDITEUR	6 rue d'Assas – 75006 PARIS	572 022 978	100.00	100.00
SCI ASSAS RASPAIL	8 rue d'Assas – 75006 PARIS	315 844 431	100.00	100.00
SCI DU 63 BOULEVARD RASPAIL	63 boulevard Raspail – 75006 PARIS	315 830 034	100.00	100.00
SCI DU 8-8 BIS RUE D'ASSAS	8 rue d'Assas – 75006 PARIS	315 844 423	100.00	100.00
<b>SALVAT GROUP</b>				
EDITORIAL SALVAT SL	BARCELONA (SPAIN)		100.00	100.00
<b>ANAYA GROUP</b>				
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
<b>ORION GROUP</b>				
13114 PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ARMS & ARMOUR PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ARTHUR BAKER LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BLANDFORD PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BLANDFORD PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
BREWERS PUBLISHING COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASELL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASELL EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CASELL PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONTACT PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GEORGE WEIDENFELD HOLDINGS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GEORGE WEIDENFELD & NICOLSON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
J.M.DENT & SONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LITTLEHAMPTON BOOK SERVICE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MRS BEETON INDUSTRIES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEW ORCHARD EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ORION PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
PHOENIX HOUSE PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
RIGEL PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
VICTOR GOLLANCZ LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WARD LOCK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WARD LOCK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
WEIDENFELD & NICOLSON (WORLD UNIVERSITY LIBRARY) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
<b>HACHETTE UK GROUP</b>				
HACHETTE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ALLIANCE DISTRIBUTION SERVICES PTY LTD	TUGGERA (AUSTRALIA)		100.00	100.00
BOOKPOINT LTD	ABINGDON (UNITED KINGDOM)		100.00	100.00
CHAMBERS PUBLISHING LTD	EDINBURGH (UNITED KINGDOM)		100.00	100.00
EDWARD ARNOLD (PUBLISHERS) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
GALORE PARK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HACHETTE AUSTRALIA PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
HACHETTE BOOK PUBLISHING INDIA PRIVATE LTD	NEW DELHI (INDIA)		100.00	100.00
HACHETTE NEW ZEALAND LTD	AUCKLAND (NEW ZEALAND)		100.00	100.00
HACHETTE SINGAPORE PRIVATE LTD	SINGAPORE (REPUBLIC OF SINGAPORE)		100.00	100.00
HACHETTE UK PENSION TRUST LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HEADLINE BOOK PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
H H ESOP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HODDER & STOUGHTON EDUCATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JESSICA KINGSLEY (PUBLISHERS) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JESSICA KINGSLEY PUBLISHERS INC	PHILADELPHIA (UNITED STATES)		100.00	100.00
JOHN MURRAY BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
JOHN MURRAY (PUBLISHER) LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEW ENGLISH LIBRARY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NEON PLAY LTD	LONDON (UNITED KINGDOM)		69.53	69.53
NB LTD	LONDON (UNITED KINGDOM)		100.00	100.00
NB PUBLISHING INC	BOSTON (UNITED STATES)		100.00	100.00
PHILIP ALLAN PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS EDITIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
QUERCUS PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
RISING STARS UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ROBERT GIBSON & SONS GLASGOW LTD	GLASGOW (UNITED KINGDOM)		100.00	100.00
STORYFIRE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
UPDATES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
<b>HACHETTE BOOK GROUP</b>				
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

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
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
<b>LITTLE, BROWN BOOK GROUP</b>				
LITTLE, BROWN BOOK GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CLOVERVIEW LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONSTABLE & ROBINSON LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONSTABLE & COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ELLIOT RIGHT WAY BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
FUTURA PUBLICATIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HOW TO CONTENT LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LAURENCE KING PUBLISHING LTD	LONDON (UNITED KINGDOM)		89.39	100.00
LAURENCE KING VERLAG GMBH	BERLIN (GERMANY)		89.39	100.00
LITTLE, BROWN & COMPANY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MAGPIE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MANDEVILLE PUBLISHING LTD	LONDON (UNITED KINGDOM)		89.39	100.00
PIATKUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
ROBINSON PUBLISHING LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPHERE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SWAPEQUAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
TRANSITA LTD	LONDON (UNITED KINGDOM)		100.00	100.00
VIRAGO PRESS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
<b>LAROUSSE GROUP MEXICO</b>				
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
<b>OCTOPUS GROUP</b>				
OCTOPUS PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
CONRAN OCTOPUS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
DIGITAL OCTOPUS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
DIGITAL PROPERTY GUIDES LTD	LONDON (UNITED KINGDOM)		100.00	100.00
FBB1 LTD	LONDON (UNITED KINGDOM)		100.00	100.00
HAMLIN PUBLISHING GROUP LTD	LONDON (UNITED KINGDOM)		100.00	100.00
KYLE CATHIE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
KYLE BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
LONDON PROPERTY GUIDE LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MITCHELL BEAZLEY LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MITCHELL BEAZLEY INTERNATIONAL LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MILLERS PUBLICATION LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MAP PRODUCTIONS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
OCTOPUS BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SHORT BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SPRING BOOKS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
SUMMERSDALE PUBLISHERS LTD	LONDON (UNITED KINGDOM)		100.00	100.00
TLF LTD	LONDON (UNITED KINGDOM)		100.00	100.00

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
<b>LAGARDÈRE TRAVEL RETAIL</b>				
LAGARDÈRE TRAVEL RETAIL	52 avenue Hoche – 75008 PARIS	330 814 732	100.00	100.00
AELIA NOUVELLE CALÉDONIE	40 rue de l'Alma – 98800 NOUMEA	103 551 800	59.43	66.00
AÉROBOUTIQUE FRANCE	4 avenue André Malraux 92300 LEVALLOIS-PERRET	380 193 938	90.04	100.00
AMADEO PRAHA SRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
BIG DOG BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL METRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
CORSINI	IASI (ROMANIA)		100.00	100.00
DUTY FREE STORES GOLD COAST PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
DUTY FREE STORES WELLINGTON LTD	WELLINGTON (NEW ZEALAND)		100.00	100.00
DUTY FREE ASSOCIATES	Tour Prisma, 4-6 avenue d'Alsace 92400 COURBEVOIE	423 402 312	90.04	100.00
HACHETTE DISTRIBUTION INC	NEW YORK (UNITED STATES)		100.00	100.00
HDS CANADA	MONTREAL (CANADA)		100.00	100.00
LS DEUTSCHLAND GMBH	WIESBADEN (GERMANY)		100.00	100.00
HDS RETAIL NORTH AMERICA LP	NEW YORK (UNITED STATES)		100.00	100.00
HOJEJ BRANDED FOODS LLC <sup>(*)</sup>	ATLANTA (UNITED STATES)		100.00	100.00
INFLIGHT SERVICE ESTONIA	TALLINN (ESTONIA)		100.00	100.00
INFLIGHT SERVICE POLAND SP ZOO	WARSAW (POLAND)		100.00	100.00
INMEDIO SERVICES SP ZOO	WARSAW (POLAND)		100.00	100.00
LAGARDÈRE DUTY FREE	Tour Prisma, 4-6 avenue d'Alsace 92400 COURBEVOIE	380 253 518	90.04	90.04
LAGARDÈRE DUTY FREE SRO	PRAGUE (CZECH REPUBLIC)		95.02	100.00
LAGARDÈRE DUTY FREE SP ZOO	WARSAW (POLAND)		95.02	100.00
LAGARDÈRE INFLIGHT	Tour Prisma, 4-6 avenue d'Alsace 92400 COURBEVOIE	408 053 809	90.04	100.00
LAGARDÈRE TRAVEL RETAIL CHINA (SHANGHAI) CO LTD	SHANGHAI (CHINA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL AS	PRAGUE (CZECH REPUBLIC)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL CP CONVENIENCE PARTNER GMBH	SALZBURG (AUSTRIA)		50.00	100.00
LAGARDÈRE TRAVEL RETAIL DEUTSCHLAND SPECIALTY GMBH	WIESBADEN (GERMANY)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL EHF	REYKJAVIK (ICELAND)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL FASHION GMBH	VIENNA (AUSTRIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL FRANCE	4 avenue André Malraux 92300 LEVALLOIS-PERRET	542 095 336	100.00	100.00
LAGARDÈRE TRAVEL RETAIL GABON	LIBREVILLE (GABON)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL HONG KONG LTD	HONG KONG (CHINA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL IMPORT BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL JAPAN K.K.	TOKYO (JAPAN)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL REAL ESTATE BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL STATIONS BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL MIDDLE EAST	ABU DHABI (UNITED ARAB EMIRATES)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL NETHERLANDS HOLDING BV	AMSTERDAM (NETHERLANDS)		90.04	100.00
LAGARDÈRE TRAVEL RETAIL SCHIPHOL BV	AMSTERDAM (NETHERLANDS)		90.04	100.00

(\*) Comprising 47 fully consolidated entities (including minority interests in each entity with different percentage interests).

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
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 SRO	BRATISLAVA (SLOVAKIA)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL UK LTD	LONDON (UNITED KINGDOM)		90.04	100.00
LS AND PARTNERS AT JFK LLC	NEW YORK (UNITED STATES)		80.00	80.00
LS ASIA PACIFIC PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
LS TR INTERNATIONAL	LE GRAND-SACONNEX (SWITZERLAND)		100.00	100.00
LS TR ITALIA SRL	FIUMICINO (ITALY)		90.04	100.00
LS TR NORTH AMERICA INC	TORONTO (CANADA)		100.00	100.00
LS TR ROMA SRL	FIUMICINO (ITALY)		90.04	100.00
LS TRAVEL FOODSERVICES DEUTSCHLAND GMBH	WIESBADEN (GERMANY)		100.00	100.00
LS TRAVEL RETAIL BULGARIA LTD	SOFIA (BULGARIA)		100.00	100.00
LS TRAVEL RETAIL DEUTSCHLAND GMBH	HUERTH HERMUELHEIM (GERMANY)		100.00	100.00
LS TRAVEL RETAIL MALAYSIA SDN BHD	KUALA LUMPUR (MALAYSIA)		97.00	97.00
LS TRAVEL RETAIL NEW ZEALAND LTD	AUCKLAND (NEW ZEALAND)		100.00	100.00
LS TRAVEL RETAIL ROMANIA SRL	BUCHAREST (ROMANIA)		100.00	100.00
LAGARDÈRE X ARTEUM	4 avenue André Malraux 92300 LEVALLOIS-PERRET	845 385 863	51.00	51.00
M TRAFIK SRO	PRAGUE (CZECH REPUBLIC)		100.00	100.00
MEDICOM SANTÉ	4 avenue André Malraux 92300 LEVALLOIS-PERRET	451 199 947	51.00	51.00
MUSIC RAILWAY	4 avenue André Malraux 92300 LEVALLOIS-PERRET	414 434 431	100.00	100.00
NEWSLINK PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
PARADIES HOLDINGS LLC <sup>(*)</sup>	ATLANTA (UNITED STATES)		100.00	100.00
PARIS RAIL RETAIL	4 avenue André Malraux 92300 LEVALLOIS-PERRET	824 339 543	90.04	100.00
R&B	4 avenue André Malraux 92300 LEVALLOIS-PERRET	811 857 200	100.00	100.00
RM	4 avenue André Malraux 92300 LEVALLOIS-PERRET	800 293 664	100.00	100.00
SCSC	4 avenue André Malraux 92300 LEVALLOIS-PERRET	431 960 004	100.00	100.00
SORELT	4 avenue André Malraux 92300 LEVALLOIS-PERRET	808 238 992	100.00	100.00
THE PURELY GROUP PTY LTD	SYDNEY (AUSTRALIA)		100.00	100.00
<b>SGEL GROUP</b>				
SIGMA SA	MADRID (SPAIN)		100.00	100.00
TOPCODI SL	MADRID (SPAIN)		100.00	100.00
<b>AIREST GROUP</b>				
LS TR FOODSERVICES ITALIA SRL	VENICE (ITALY)		100.00	100.00
AIREST COLLEZIONI DUBLIN LTD	DUBLIN (IRELAND)		100.00	100.00
AIREST COLLEZIONI US-1 LLC	PITTSBURGH (UNITED STATES)		100.00	100.00
AIREST COLLEZIONI US-2 LLC	PITTSBURGH (UNITED STATES)		100.00	100.00

(\*) Comprising 163 fully consolidated entities (including minority interests in each entity with different percentage interests).

SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
AIREST COLLEZIONI USA INC	PITTSBURGH (UNITED STATES)		100.00	100.00
AIREST COLLEZIONI VENEZIA SRL	VENICE (ITALY)		50.00	100.00 <sup>(*)</sup>
AIREST RESTAURANT MIDDLE EAST LLC	ABU DHABI (UNITED ARAB EMIRATES)		100.00	100.00
AIREST RETAIL SRL	VENICE (ITALY)		50.00	100.00 <sup>(*)</sup>
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

INTERNATIONAL DUTY FREE GROUP				
INTERNATIONAL DUTY FREE AFRICA & MIDDLE EAST DWC-LLC	ABU DHABI (UNITED ARAB EMIRATES)		100.00	100.00
INTERNATIONAL DUTY FREE KENYA LIMITED	NAIROBI (KENYA)		100.00	100.00
INTERNATIONAL DUTY FREE NETHERLAND BV	ROTTERDAM (NETHERLANDS)		100.00	100.00
INTERNATIONAL DUTY FREE REAL ESTATE SA	STEENOKKERZEEL (BELGIUM)		100.00	100.00
INTERNATIONAL DUTY FREE SA - Belgique	STEENOKKERZEEL (BELGIUM)		100.00	100.00
INTERNATIONAL DUTY FREE SA - Luxembourg	LUXEMBOURG (LUXEMBOURG)		100.00	100.00
LAGARDÈRE TRAVEL RETAIL LUXEMBOURG HOLDING	LUXEMBOURG (LUXEMBOURG)		100.00	100.00

OTHER ACTIVITIES				
LAGARDÈRE SCA	4 rue de Presbourg – 75116 PARIS	320 366 446	100.00	100.00
COMPAGNIE IMMOBILIÈRE EUROPA	149 rue Anatole France 92300 LEVALLOIS-PERRET	407 662 329	100.00	100.00
DARIADE	4 avenue André Malraux 92300 LEVALLOIS-PERRET	400 231 072	100.00	100.00
ÉDIFINANCE PARTICIPATIONS	4 avenue André Malraux 92300 LEVALLOIS-PERRET	440 143 741	100.00	100.00
LAGARDÈRE FINANCE	4 avenue André Malraux 92300 LEVALLOIS-PERRET	409 882 883	100.00	100.00
LAGARDÈRE HOLDING TV	4 avenue André Malraux 92300 LEVALLOIS-PERRET	428 705 537	100.00	100.00
LAGARDÈRE MEDIA	4 rue de Presbourg – 75116 PARIS	402 345 128	100.00	100.00
LAGARDÈRE NORTH AMERICA INC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE PARTICIPATIONS	4 rue de Presbourg – 75116 PARIS	303 600 902	100.00	100.00
LAGARDÈRE RESSOURCES	4 avenue André Malraux 92300 LEVALLOIS-PERRET	348 991 167	100.00	100.00
LAGARDÈRE UK LTD	LONDON (UNITED KINGDOM)		100.00	100.00
MATRA MANUFACTURING ET SERVICES	4 rue de Presbourg – 75116 PARIS	318 353 661	100.00	100.00
PROMOTEC 5000 SL	MADRID (SPAIN)		100.00	100.00
SOFRIMO	4 avenue André Malraux 92300 LEVALLOIS-PERRET	569 803 687	100.00	100.00

LAGARDÈRE MÉDIA NEWS GROUP				
LAGARDÈRE ACTIVE	3 avenue André Malraux 92300 LEVALLOIS-PERRET	433 443 124	100.00	100.00
CERT GMBH	SARREBRUCK (GERMANY)		99.73	99.81
COFFEE DIGITAL LLC	NEW YORK (UNITED STATES)		68.42	68.42
ELLE INTERNATIONAL	3 avenue André Malraux 92300 LEVALLOIS-PERRET	834 273 906	100.00	100.00
EUROPE 1 IMMOBILIER	2 rue des Cévennes – 75015 PARIS	622 009 959	99.85	100.00
EUROPE 1 TÉLÉCOMPAGNIE	2 rue des Cévennes – 75015 PARIS	542 168 463	99.83	100.00

(\*) The shareholder agreement confers control of the group to Lagardère Travel Retail.



SUBSIDIARIES	REGISTERED OFFICE	Registration number	% interest	% control
EUROPE 2 ENTREPRISES	2 rue des Cévennes – 75015 PARIS	352 819 577	99.92	100.00
EUROPE NEWS	2 rue des Cévennes – 75015 PARIS	343 508 750	99.83	100.00
HACHETTE FILIPACCHI PRESSE	3 avenue André Malraux 92300 LEVALLOIS-PERRET	582 101 424	100.00	100.00
IS 25	23 rue Baudin – 92300 LEVALLOIS-PERRET	824 582 431	100.00	100.00
LAGARDÈRE ACTIVE BROADCAST	1 rue Ténac – 98000 MONACO	775 751 779	99.92	100.00
LAGARDÈRE ACTIVE ENTREPRISES JAPAN CO LTD	TOKYO (JAPAN)		100.00	100.00
LAGARDÈRE ACTIVE FINANCES	3 avenue André Malraux 92300 LEVALLOIS-PERRET	410 208 136	100.00	100.00
LAGARDÈRE GLOBAL ADVERTISING	3 avenue André Malraux 92300 LEVALLOIS-PERRET	350 277 059	100.00	100.00
LAGARDÈRE ACTIVE RADIO INTERNATIONAL	3 avenue André Malraux 92300 LEVALLOIS-PERRET	388 404 717	99.92	100.00
LAGARDÈRE LABS INC	NEW YORK (UNITED STATES)		100.00	100.00
LAGARDÈRE MEDIA NEWS	2 rue des Cévennes – 75015 PARIS	834 289 373	100.00	100.00
EUROPE 1 DIGITAL	2 rue des Cévennes – 75015 PARIS	415 096 502	99.83	100.00
LAGARDÈRE PUBLICITÉ NEWS	2 rue des Cévennes – 75015 PARIS	538 865 064	99.92	100.00
LES ÉDITIONS MUSICALES FRANÇOIS 1 <sup>er</sup>	2 rue des Cévennes – 75015 PARIS	381 649 771	99.92	100.00
MATCH PROD	3 avenue André Malraux 92300 LEVALLOIS-PERRET	824 634 257	100.00	100.00
PROMOTION ET SPECTACLES D'EUROPE 1	2 rue des Cévennes – 75015 PARIS	632 042 495	99.81	100.00
RADIO SALU - EURO RADIO SAAR	SARREBRUCK (GERMANY)		50.99	51.14
RFM ENTREPRISES	2 rue des Cévennes – 75015 PARIS	405 188 871	99.92	100.00
RFM RÉGIONS	2 rue des Cévennes – 75015 PARIS	382 002 509	99.92	100.00
VIRGIN RADIO RÉGIONS	2 rue des Cévennes – 75015 PARIS	339 802 118	99.92	100.00
<b>LAGARDÈRE LIVE ENTERTAINMENT GROUP</b>				
CASINO DE PARIS	16 rue de Clichy – 75009 PARIS	582 047 957	100.00	100.00
LAGARDÈRE ARENA 13	1955 rue Claude Nicolas Ledoux 13290 AIX EN PROVENCE	824 242 713	100.00	100.00
LAGARDÈRE LIVE ENTERTAINMENT	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	441 268 380	100.00	100.00
LAGARDÈRE LIVE ENTERTAINMENT MUSIC	16-18 rue du Dôme 92100 BOULOGNE-BILLANCOURT	509 763 611	100.00	100.00
SENSO	48-50 avenue Jean Alfonsea – 33270 FLOIRAC	790 021 760	100.00	100.00
SOCIÉTÉ D'EXPLOITATION DES FOLIES BERGÈRE	32 rue Richer – 75009 PARIS	509 763 694	100.00	100.00
SOCIÉTÉ EXPLOITATION SPECTACLES BATACLAN	50 boulevard Voltaire – 75011 PARIS	702 012 931	100.00	100.00
<b>LAGARDÈRE PARIS RACING GROUP</b>				
LAGARDÈRE PARIS RACING RESSOURCES	Chemin de la Croix Catelan – 75116 PARIS	433 565 819	100.00	100.00
LPR RESTAURATION	Chemin de la Croix Catelan – 75116 PARIS	808 264 758	100.00	100.00
<b>OTHER LAGARDÈRE SPORTS</b>				
WORLD SPORT GROUP INDIA LTD	MUMBAI (INDIA)		100.00	100.00
WORLD SPORT GROUP MAURITIUS LTD	PORT LOUIS (MAURITIUS)		100.00	100.00
<b>LAGARDÈRE ACTIVE - ASSETS SOLD AND DISPOSALS PENDING COMPLETION</b>				
LA CORPORATE	3 avenue André Malraux 92300 LEVALLOIS-PERRET	824 652 069	100.00	100.00
LAGARDÈRE ACTIVE TV	2 rue des Cévennes – 75015 PARIS	334 595 881	99.92	100.00
SHOPPING GUIDE GMBH	MUNICH (GERMANY)		100.00	100.00

Companies jointly controlled and accounted for under the equity method at 31 December 2020:

JOINT VENTURES	REGISTERED OFFICE	Registration number	% interest	% control
<b>LAGARDÈRE PUBLISHING</b>				
FRANCE LIGHTNING SOURCE	1 avenue Gutenberg – 78310 MAUREPAS	515 014 785	50.00	50.00
<b>LAGARDÈRE TRAVEL RETAIL</b>				
AEROPORTS DE LYON (LYON DUTY FREE)	Aéroport Lyon Saint Exupéry 69124 COLOMBIER-SAUGNIEU	493 425 136	45.02	50.00
C-STORE	4 avenue André Malraux 92300 LEVALLOIS-PERRET	505 387 795	50.00	50.00
CONCESSIONS MANAGEMENT LS AT LAX	LOS ANGELES (UNITED STATES)		50.00	50.00
LAGARDÈRE & CONNEXIONS	4 avenue André Malraux 92300 LEVALLOIS-PERRET	799 394 739	50.00	50.00
LAGARDÈRE CAPITAL LLC	ABU DHABI (UNITED ARAB EMIRATES)		50.00	50.00
LS CONCESSIONS MANAGEMENT AT LAX	LOS ANGELES (UNITED STATES)		50.00	50.00
THE BELGIAN CHOCOLATE HOUSE NETWORK SA	LUXEMBOURG (LUXEMBOURG)		50.00	50.00
THE BELGIAN CHOCOLATE HOUSE SPRL	STEENOKKERZEEL (BELGIUM)		50.00	50.00
SVRLS LA REUNION	Aéroport Roland Garros – 97438 SAINTE MARIE	538 210 147	44.84	50.00
SDA CROATIE	ZAGREB (CROATIA)		45.02	50.00
SUMO TRAVEL RETAIL PTY LTD	SURRY HILLS (AUSTRALIA)		50.00	50.00

Companies in which the Group exercises significant influence, accounted for under the equity method at 31 December 2020:

ASSOCIATES	REGISTERED OFFICE	Registration number	% interest	% control
<b>LAGARDÈRE PUBLISHING</b>				
EDITIONS J'AI LU	87 quai Panhard et Levassor – 75013 PARIS	582 039 673	35.33	35.33
YEN PRESS LLC	NEW YORK (UNITED STATES)		49.00	49.00

<b>LAGARDÈRE TRAVEL RETAIL</b>				
AREAS HOJEIJ ORLANDO JV	ORLANDO (USA)		40.00	40.00
CDF LAGARDÈRE COMPANY LTD	HONG KONG (CHINA)		20.00	20.00
DUTYFLY SOLUTIONS	ZAC du Moulin. rue du Meunier 95700 ROISSY EN FRANCE	443 014 527	45.02	50.00
DUTYFLY SOLUTIONS ESPAÑA	MADRID (SPAIN)		45.02	50.00
DUTYFLY SOLUTIONS ITALIA	MILAN (ITALY)		45.02	50.00
HJAI CONCESSIONS LLC	ATLANTA (UNITED STATES)		49.00	49.00
INMEDIO SP ZOO	WARSAW (POLAND)		49.00	49.00
LAGARDÈRE KSA	RIYAD (SAUDI ARABIA)		26.00	26.00
LAGARDERE TRAVEL RETAIL SAUDI ARABIA HOLDING LLC.	DUBAI (SAUDI ARABIA)		51.00	51.00
MITCHELL BOS LLC	ATLANTA (UNITED STATES)		49.00	49.00
SOCIÉTÉ DE DISTRIBUTION AÉROPORTUAIRE	Tour Prisma, 4-6 avenue d'Alsace 92400 COURBEVOIE	448 457 978	45.02	50.00
RELAY ADP	4 avenue André Malraux 92300 LEVALLOIS-PERRET	533 970 950	49.90	50.00

#### OTHER ACTIVITIES

<b>LAGARDÈRE MÉDIA NEWS GROUP</b>				
EUROPE REGIES OUEST	16 avenue Henry Fréville – 35200 RENNES	404 391 542	48.60	49.00
107.8 ANTENNE AC GMBH	WÜRSELEN (GERMANY)		22.43	44.00
107.8 ANTENNE AC GMBH & CO KG	WÜRSELEN (GERMANY)		22.43	44.00

#### OTHER LAGARDÈRE SPORTS

SADDLEBROOK INTERNATIONAL SPORTS LLC	WESLEY CHAPEL (UNITED STATES)		30.00	30.00
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Companies controlled but not consolidated at 31 December 2020 as not material:

NON-CONSOLIDATED CONTROLLED COMPANIES	REGISTERED OFFICE	Registration number	% interest	% control
<b>LAGARDÈRE PUBLISHING</b>				
NOUVELLES ÉDITIONS IVOIRIENNES SAEM	ABIDJAN (CÔTE D'IVOIRE)		70.51	70.51
FAYARD FACTORY	13 rue du Montparnasse 75006 PARIS	881 893 739	100.00	100.00
HACHETTE COLLECTIONS UKRAINE	KIEV (UKRAINE)		99.90	99.90
LPC	70 avenue Victor Hugo – 86500 MONTMORILLON	326 980 026	100.00	100.00
DIFUSORA LAROUSSE DE COLOMBIA LTDA	BOGOTA (COLOMBIA)		100.00	100.00
HACHETTE LIVRE MAROC	MOHAMMEDIA (MOROCCO)		99.84	99.84
EDITORA HATIER	SAO PAULO (BRAZIL)		100.00	100.00
PROLVRE GIE	61 rue des Saints Pères – 75006 PARIS	788 242 501	99.65	100.00
FRANCE TELEDISTRIBUTIQUE	1 avenue Gutenberg – 78310 MAUREPAS	351 416 235	100.00	100.00
EDITORA SALVAT DO BRASIL LTDA	SAO PAULO (BRAZIL)		100.00	100.00
LOGISPRO	58 rue Jean Bleuzen – 92170 VANVES	381 652 049	100.00	100.00
MULTIMEDIA DIFFUSION SERVICES	11 rue Paul Bert – 92240 MALAKOFF	388 221 681	100.00	100.00
<b>OTHER ACTIVITIES</b>				
LAGARDÈRE EXPRESSION	4 avenue André Malraux 92300 LEVALLOIS-PERRET	353 463 235	100.00	100.00
LAGARDERE ACAD, INC	NEW YORK (UNITED STATES)		100.00	100.00
LP8	4 avenue André Malraux 92300 LEVALLOIS-PERRET	843 931 742	100.00	100.00
LP9	4 avenue André Malraux 92300 LEVALLOIS-PERRET	843 931 858	100.00	100.00
LP10	4 avenue André Malraux 92300 LEVALLOIS-PERRET	844 799 593	100.00	100.00
LP11	4 avenue André Malraux 92300 LEVALLOIS-PERRET	844 799 635	100.00	100.00
<b>LAGARDÈRE MÉDIA NEWS GROUP</b>				
LAE SHANGHAI CONSULTING LTD	SHANGHAI (CHINA)		99.97	100.00
LAE AMERICA INC	WILMINGTON (UNITED STATES)		99.97	100.00
LAE TAIWAN LTD	TAIWAN (CHINA)		99.97	100.00
LAE HONG KONG LTD	HONG KONG (CHINA)		99.97	100.00
LAE THAILAND LTD	BANGKOK (THAILAND)		99.97	100.00
LAE KOREA LTD	SEOUL (SOUTH KOREA)		99.97	100.00
ELLE FASHION LTD	BANGKOK (THAILAND)		100.00	100.00
MODINC LTDA	SAO PAULO (BRAZIL)		99.97	100.00
RFM EST	23 boulevard de l'Europe 54500 VANDOEUVRE LES NANCY	402 062 269	74.74	74.80
RFM AJACCIO	13 route des Sanguinaires – 20000 AJACCIO	384 012 332	99.92	100.00
INTERACTIVE INVESTMENT CONSULTING	TAIPEI (TAIWAN)		99.97	100.00

**NOTE 39 CONSOLIDATED FINANCIAL STATEMENTS FOR 2019 AND 2018**

In application of article 28 of European Commission regulation no. 809/2004, the documents listed below are incorporated by reference in this Universal Registration Document:

► the consolidated financial statements and parent company financial statements and the related audit report on pages 246 to 425 of the French Universal Registration Document for 2019, filed with the AMF on 26 March 2020 under registration number D.20-0183;

► the consolidated financial statements and parent company financial statements and the related audit reports on pages 228 to 403 of the French Reference Document for 2018, filed with the AMF on 2 April 2019 under registration number D.19-0239.

The non-incorporated parts of the above documents are either irrelevant for investors or covered in another part of this Universal Registration Document.

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## 5.4 PRESENTATION OF THE LAGARDÈRE SCA PARENT COMPANY FINANCIAL STATEMENTS

**AFR**

Comments on the Lagardère SCA parent company financial statements at 31 December 2020

### 5.4.1 INCOME STATEMENT

The condensed income statement is as follows:

(in millions of euros)	2020	2019
Operating revenues	50	71
Operating loss	(40)	(10)
Net financial income	(30)	37
Earnings before tax and exceptional items	(70)	27
Net exceptional income	4	0
Income tax benefit	36	51
<b>Profit (loss) for the year</b>	<b>(30)</b>	<b>78</b>

In 2020, the Company reported an **operating loss** of €40 million, representing a decrease of €30 million on 2019. Operating income (loss) mainly represents the difference between the operating expenses of the holding company and the services billed to the Group's divisions. This decrease is primarily attributable to the fall in services and fees billed to the divisions, particularly Lagardère Travel Retail, which was hard hit by the impacts of the Covid-19 pandemic. Lagardère SCA is directly responsible for billing the Group's operating divisions for assistance provided by corporate functions. It employs

eight people who manage the corporate functions. These managers make use of Lagardère Ressources teams and resources, which the latter makes available to them and which they in turn continue to supervise. In consideration for the services provided to it, Lagardère SCA 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 SCA directly bears any expenses relating to certain services provided at its request by external consultants.

**Net financial income** (expense) breaks down as follows:

(in millions of euros)	2020	2019
Interest income from marketable securities and other	1	2
Net interest income on loans to subsidiaries	37	38
Interest and expenses on borrowings	(50)	(47)
<b>Finance costs, net</b>	<b>(12)</b>	<b>(7)</b>
Dividends received or receivable	9	48
Net (additions to) reversals of provisions	(27)	(4)
Other	-	-
<b>Net financial income (expense)</b>	<b>(30)</b>	<b>37</b>

In 2020, the Company reported **net financial expense** of €30 million, a decrease of €67 million year on year.

The decrease in net financial income is attributable to the following factors:

- ▶ stable interest received, at €37 million. Interest amounting to USD 860 million was received on loans granted to Lagardère North America for the acquisition of Paradies in 2015 and Hojeij Branded Foods (HBF) in 2018;
- ▶ an increase of €3 million in interest and expenses on borrowings in line with the drawdowns made on the syndicated credit facility since late April 2020; the rise in the interest expense on the

German private placement (Schuldscheindarlehen) was offset by foreign exchange gains;

- ▶ a decrease of €39 million in dividends received. In 2020, Lagardère SCA received a dividend of €9 million from Lagardère Finance (€8 million in 2019). Lagardère Media did not make any dividend payouts in 2020 (€39 million dividend payout in 2019);
- ▶ net additions to provisions totalling €27 million in 2020 versus €4 million in 2019. In 2020, movements in provisions mainly reflect:

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

- a €3 million addition relating to the adjustment made to the carrying amount of treasury shares delivered under free share plans in 2020;
- a €23 million addition to provisions for unrealised foreign exchange risks arising on the unhedged portion of the USD 530 million loan (financing for the Paradis acquisition) and the USD 330 million loan (financing for the HBF acquisition) with Lagardère North America.

In 2019, the €4 million increase in provisions mainly reflected:

- a €1 million addition attributable to the adjustment made to the carrying amount of treasury shares based on the reference share price at 31 December 2019 (€19.55);

- a €3 million addition to the provision for investments in Lagardère Ressources.

**Exceptional items** represented income of €4 million in 2020, primarily relating to reversals of provisions for risks (positive €1 million impact) and the €3 million rebate obtained in 2020 in connection with the sharing duty paid at the time of the Financière de Pichat liquidation. Shares held in the dormant company MNC were sold at their carrying amount.

The Company reported an **income tax benefit** of €36 million in 2020. This includes €1 million in tax income (including tax credits for the year and €35 million in tax consolidation relief. The corresponding figures for 2019 were income of €10 million and €41 million, respectively.

## 5.4.2 BALANCE SHEET AND CASH FLOWS

### Assets

(in millions of euros)	31 Dec. 2020	31 Dec. 2019
Fixed assets	5,203	5,387
Trade receivables and other	120	63
Cash and cash equivalents	317	304
<b>Total assets</b>	<b>5,640</b>	<b>5,754</b>

### Shareholders' equity and liabilities

(in millions of euros)	31 Dec. 2020	31 Dec. 2019
Shareholders' equity	2,851	2,887
Provisions for risks and liabilities	54	32
Borrowings	2,665	2,774
Short-term bank loans	-	-
Other liabilities	70	61
<b>Total liabilities and shareholders' equity</b>	<b>5,640</b>	<b>5,754</b>

### Cash flows

(in millions of euros)	2020	2019
Cash flow from operating activities	12	144
Cash used in investing activities	111	(29)
<b>Cash from (used in) operations and investing activities</b>	<b>123</b>	<b>115</b>
<b>Cash from financing activities</b>	<b>(110)</b>	<b>127</b>
Change in cash and cash equivalents	13	242
<b>Cash and cash equivalents at beginning of year</b>	<b>304</b>	<b>62</b>
<b>Cash and cash equivalents at end of year</b>	<b>317</b>	<b>304</b>

In 2020, **cash flow from operating activities** amounted to €12 million. The €132 million year-on-year decrease is mainly attributable to the €39 million fall in dividends received and the

€23 million decrease in amounts billed to the Group. In 2019, cash flow from operating activities amounted to €144 million and included the €83 million payment by Europe 1 Immobilier of the tax charge

in respect of the sale of the office building at rue François 1<sup>er</sup> to the tax consolidation group.

**Net cash from (used in) investing activities** represented an inflow of €111 million, and included:

- ▶ purchases and sales of treasury shares under the liquidity agreement, for €24 million and €29 million, respectively;
- ▶ €105 million in proceeds from the sale of MNC SAS collected by Lagardère Participations;
- ▶ a €1 million payment to FCPI Idinvest.

**Financing activities** generated a net cash outflow of €110 million and chiefly reflected:

- ▶ the net €291 million decrease in amounts outstanding under short- and medium-term commercial paper programmes;
- ▶ the net €300 million increase in amounts drawn down on the syndicated credit facility;
- ▶ the €119 million decrease in amounts borrowed from Lagardère Finance;
- ▶ no dividends were paid in 2020 in respect of 2019.

**Net debt** – which corresponds to cash and cash equivalents less borrowings – was as follows at 31 December 2020 and 2019:

(in millions of euros)	31 Dec. 2020	31 Dec. 2019
<b>Net debt</b>	(2,348)	(2,470)

Net debt decreased by €122 million in 2020.



### 5.4.3 OTHER INFORMATION

#### Payment terms

In application of the French Commercial Code (*Code de commerce*), all of Lagardère SCA's trade payables at 31 December 2020 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. 2020 of which due						Invoices issued but not settled at 31 Dec. 2020 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)
<b>(A) Days late</b>												
Number of invoices	11					18	18					-
Total amount of invoices concerned (excl. VAT) (in thousands of euros)	32	2,896	175	-	-	3,071	4,137	-	-	-	-	-
As a % of total purchases for the year (excl. VAT)	0%	3%	0%	0%	0%	3%						
As a % of revenue for the year							7%	0%	0%	0%	0%	0%
<b>(B) Invoices excluded from (A) relating to contested or unrecognised payables and receivables</b>												
Number of invoices excluded			1								-	
Total amount of invoices excluded (excl. VAT)			€38,000								€0	
<b>(C) Reference payment terms used (contractual or legal – article L. 441-6 or article L. 443-1 of the French Commercial Code)</b>												
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 €23,826 in 2020. 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 SCA PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2020

**AFR**

### Parent company balance sheet

Assets (in millions of euros)	31 Dec. 2020	31 Dec. 2020	31 Dec. 2020	31 Dec. 2019
	Gross	Depreciation, amortisation and impairment	Net	Net
Tangible assets	-	-	-	-
Long-term investments:				
- Investments in subsidiaries and affiliates	4,647	196	4,451	4,555
- Loans and advances to subsidiaries and affiliates	705	-	705	772
- Other investment securities	42	-	42	55
- Loans	-	-	-	-
- Other long-term investments	5	-	5	5
<b>Fixed assets</b>	<b>5,399</b>	<b>196</b>	<b>5,203</b>	<b>5,387</b>
Trade receivables	9	-	9	18
Other receivables	51	-	51	39
Marketable securities	10	-	10	3
Cash and cash equivalents	307	-	307	301
Prepaid expenses	-	-	-	-
<b>Current assets</b>	<b>377</b>	<b>-</b>	<b>377</b>	<b>361</b>
Deferred charges				
	3	-	3	4
Translation adjustment	57	-	57	2
<b>Total assets</b>	<b>5,836</b>	<b>196</b>	<b>5,640</b>	<b>5,754</b>

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

Shareholders' equity and liabilities (in millions of euros)	31 Dec. 2020	31 Dec. 2019
	Amount	Amount
Share capital	800	800
Share and other premiums	179	184
Reserves:		
- <i>Legal reserve</i>	87	87
- <i>Reserves</i>	-	-
- <i>Other reserves</i>	1,531	1,532
Retained earnings	284	206
Profit (loss) for the year	(30)	78
Interim dividend to be allocated	-	-
<b>Shareholders' equity</b>	<b>2,851</b>	<b>2,887</b>
Provisions for risks and liabilities	54	32
Borrowings subject to specific conditions	-	-
Borrowings:		
- <i>Bonds</i>	1,315	1,315
- <i>Bank loans</i>	977	453
- <i>Miscellaneous loans and borrowings including loans from subsidiaries and affiliates</i>	373	1,006
Trade payables	16	9
Other payables	21	41
Deferred income	-	-
Translation adjustment	33	11
<b>Total liabilities and shareholders' equity</b>	<b>5,640</b>	<b>5,754</b>

## Parent company income statement

(in millions of euros)	2020	2019
Operating revenues <sup>(*)</sup>	50	71
Operating expenses	(90)	(81)
<b>Operating loss</b>	<b>(40)</b>	<b>(10)</b>
Financial income	56	95
Financial expenses	(59)	(54)
Net (additions to) reversals from provisions	(27)	(4)
<b>Net financial income</b>	<b>(30)</b>	<b>37</b>
<b>Earnings before tax and exceptional items</b>	<b>(70)</b>	<b>27</b>
<b>Net exceptional income</b>	<b>4</b>	<b>-</b>
Income tax	36	51
<b>Profit (loss) for the year</b>	<b>(30)</b>	<b>78</b>

(\*) Including services provided to French subsidiaries for €34 million in 2020.

## Parent company statement of cash flows

(in millions of euros)	2020	2019
Profit (loss) for the year	(30)	78
Depreciation, amortisation and provision expense (reversal)	17	5
Net loss on sale of fixed assets	8	-
Changes in working capital	17	61
<b>Cash flow from operating activities</b>	<b>12</b>	<b>144</b>
Acquisitions of long-term investments	(25)	(54)
Proceeds from disposals of long-term investments	134	25
Decrease in loans and receivables	2	-
<b>Cash used in investing activities</b>	<b>111</b>	<b>(29)</b>
<b>Cash from (used in) operations and investing activities</b>	<b>123</b>	<b>115</b>
Dividends paid	-	(172)
Decrease in borrowings and financial liabilities	(291)	(500)
Proceeds from new borrowings	300	766
Change in Group current accounts	(119)	33
<b>Cash from financing activities</b>	<b>(110)</b>	<b>127</b>
Change in cash and cash equivalents	13	242
<b>Cash and cash equivalents at beginning of year</b>	<b>304</b>	<b>62</b>
<b>Cash and cash equivalents at end of year</b>	<b>317</b>	<b>304</b>

## NOTES TO THE COMPANY'S FINANCIAL STATEMENTS AT 31 DECEMBER 2020

(All figures are expressed in millions of euros unless otherwise specified)

### PRELIMINARY INFORMATION

Lagardère SCA – 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 SCA 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 SCA, which previously had no employees, now employs eight people managing the corporate functions. These managers make use of Lagardère Ressources teams and resources, which the latter makes available to them and which they in turn continue to supervise.
- ▶ In consideration for the services provided to it, Lagardère SCA 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 SCA 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. 2020	Increase	Decrease	31 Dec. 2020
Tangible assets	-	-	-	-
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities <sup>(*)</sup>	4,819	24	(154)	4,689
Loans and advances to subsidiaries and affiliates	772	-	(67)	705
Other long-term investments	5	-	-	5
<b>Total</b>	<b>5,596</b>	<b>24</b>	<b>(221)</b>	<b>5,399</b>

(\*) This item includes the Company's investment in the FPCI Idivest fund amounting to €11 million. €10 million had been subscribed at 31 December 2020.

**Investments in subsidiaries and affiliates** amounted to €4,689 million at 31 December 2020, reflecting:

- ▶ €24 million shown under "Increase" due to purchases of treasury shares in connection with the liquidity agreement; and
- ▶ €154 million shown under "Decrease" chiefly reflecting (i) the sale of treasury shares under the liquidity agreement for €29 million; the cancellation of the gross amount of treasury shares by means of a capital reduction for €13 million; and (iii) the derecognition of the

gross value of MNC SAS shares in light of their sale to Lagardère Participations, for €112 million.

**Loans and advances to subsidiaries and affiliates** chiefly relate to USD loans granted to Lagardère North America in connection with the financing of the acquisition of the Paradis group in 2015 for USD 530 million and of Hojeij Branded Foods (HBF) at end-2018 for USD 330 million. The €67 million decrease is attributable to the remeasurement of loans at the year-end exchange rate (€64 million negative impact) and to interest paid (€3 million negative impact).

**Changes in depreciation, amortisation and impairment** can be analysed as follows:

	1 Jan. 2020	Increase	Decrease	31 Dec. 2020
Long-term investments:				
Investments in subsidiaries and affiliates and other investment securities	(209)	(3)	16	(196)
Loans and advances to subsidiaries and affiliates	-	-	-	-
<b>Total</b>	<b>(209)</b>	<b>(3)</b>	<b>16</b>	<b>(196)</b>

The €3 million increase in this item during the year corresponds to the write-down of treasury shares.

The amount of €16 million shown in "Decrease" reflects the reversal of the provision for impairment of MNC SAS shares in light of their sale to Lagardère Participations for €9 million, and the cancellation of provisions for treasury shares in an amount of €7 million, offset against the corresponding share capital reduction.

### 2. RECEIVABLES

At 31 December 2020, the maturity of **receivables** was as follows:

	Gross	Due within one year	Due beyond one year
Long-term receivables	705	4	701
Short-term receivables	60	60	0
<b>Total</b>	<b>765</b>	<b>64</b>	<b>701</b>

**Long-term receivables** correspond to the loans granted to Lagardère North America for USD 860 million, along with loan interest (see above).

**Short-term receivables** include:

- ▶ €33 million corresponding to the remeasurement of the currency component of the cross-currency swaps hedging half of the loans granted to Lagardère North America;
- ▶ €9 million in intragroup trade receivables;
- ▶ €5 million in tax receivables (including €2 million in income tax receivables and €3 million in refundable VAT);
- ▶ €13 million in intercompany receivables arising on tax consolidation.

### 3. MARKETABLE SECURITIES

	31 Dec. 2020	31 Dec. 2019
At cost	10	3
Accumulated impairment losses	-	-
<b>Carrying amount</b>	<b>10</b>	<b>3</b>
Market value	10	3
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
<b>Shareholders' equity at 31 December 2019</b>	800	1,803	206	78	-	2,887
Capital reduction	(3)	(6)	-	-	-	(9)
Capital increase	3	-	-	-	-	3
Allocation of 2019 profit	-	-	78	(78)	-	-
Dividends paid <sup>(*)</sup>	-	-	-	-	-	-
Profit for the year	-	-	-	(30)	-	(30)
<b>Shareholders' equity at 31 December 2020</b>	<b>800</b>	<b>1,797</b>	<b>284</b>	<b>(30)</b>	<b>-</b>	<b>2,851</b>

(\*) Including the portion of profit paid to the General Partners.

At 31 December 2020, the share capital of Lagardère SCA amounted to €799,913,044.60, represented by 131,133,286 shares with a par value of €6.10 each, all ranking pari passu and fully paid up.

In 2020, the Group carried out two capital reductions by cancelling 447,018 treasury shares for an amount of €3 million. These operations took place following capital increases carried out by

capitalising reserves and involving the same number of shares. The newly-issued shares were definitively allocated:

- ▶ on 7 April 2020, to beneficiaries of the 6 April 2017 plan residing in France for tax purposes (289,188 shares);
- ▶ on 10 May 2020, to beneficiaries of the 9 May 2016 plan residing outside France for tax purposes (157,830 shares).

### 5. TREASURY SHARES

Changes in the number of treasury shares held by Lagardère SCA break down as follows for 2020:

	2020
<b>Number of treasury shares held at 1 January</b>	<b>2,276,966</b>
Purchases of treasury shares under the liquidity agreement <sup>(*)</sup>	1,471,624
Sales of treasury shares under the liquidity agreement <sup>(*)</sup>	(1,702,787)
Purchases (for treasury shares awarded to employees)	-
Awards	(8,157)
Capital reduction by cancellation of treasury shares	(447,018)
<b>Number of treasury shares held at 31 December</b>	<b>1,590,628</b>

(\*) Liquidity agreement entered into in 2008 with Crédit Agricole Cheuvreux for market-making purposes.

## 6. BONDS

On 6 April 2016, Lagardère SCA 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%. The interest expense for 2020 amounted to €14 million.

On 14 June 2017, Lagardère SCA 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 2020 amounted to €5 million.

On 9 October 2019, Lagardère SCA 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 2020 amounted to €11 million.

## 7. MATURITIES OF LIABILITIES

	31 Dec. 2020	Due within one year	Due between one and five years	Due beyond five years
Bonds	1,315	15	800	500
Negotiable securities	222	222	-	-
Other borrowings	1,128	452	237	439
Trade and other payables	37	37	-	-
<b>Total</b>	<b>2,702</b>	<b>726</b>	<b>1,037</b>	<b>939</b>

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 €158 million at 31 December 2020 versus €449 million at 31 December 2019; and
- ▶ the negotiable Euro Medium-Term Notes (NEU MTN) programme with a ceiling of €200 million. Debt issues under the programme represented €64 million at 31 December 2020 unchanged from end-2019.

**Other borrowings** for €1,128 million break down as follows by maturity:

- ▶ €237 million in borrowings due between one and five years (bank loans and *Schuldscheindarlehen* German law private placement);
- ▶ €439 million in borrowings due beyond five years (€66 million relating to a *Schuldscheindarlehen* German law private placement and €373 million corresponding to the current account with Lagardère Finance);
- ▶ €452 million due within one year (€449 million in bank loans and €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. 2020	Additions	Reversals	31 Dec. 2020
<b>Provisions for risks and liabilities<sup>(*)</sup></b>	<b>32</b>	<b>24</b>	<b>2</b>	<b>54</b>
<b>Impairment</b>				
- long-term investments <sup>(**)</sup>	209	3	16	196
- other	-	-	-	-
<b>Impairment sub-total</b>	<b>209</b>	<b>3</b>	<b>16</b>	<b>196</b>
<b>Total provisions and impairment</b>	<b>241</b>	<b>27</b>	<b>18</b>	<b>250</b>
Including additions and reversals:				
- relating to operating items		1	1	
- relating to financial items		26	1	
- relating to exceptional items		-	9	

(\*) Including €23 million in additions to provisions for currency risks and €2 million in reversals of provisions for risks that were extinguished in 2020.

(\*\*) Details are provided in note 1.



**9. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES (NET VALUES) – BALANCE SHEET**

Assets		Liabilities	
Long-term investments	5,156	Borrowings	373
Short-term receivables	21	Trade and other payables	20
Other	-	Other	-

Long-term investments mainly include shares in Lagardère Media and Lagardère Finance, along with the loans granted to Lagardère North America.

Borrowings comprise the current account with Lagardère Finance.

Short-term receivables and trade payables include intra-group trade payables and receivables and tax consolidation current accounts.

**10. TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES – INCOME STATEMENT**

Expenses		Revenues	
Operating <sup>(*)</sup>	54	Operating <sup>(**)</sup>	49
Financial	-	Financial <sup>(***)</sup>	46
Exceptional <sup>(****)</sup>	113	Exceptional <sup>(****)</sup>	105

(\*) General services provided by Lagardère Ressources.

(\*\*) Including services provided for €34 million, brand royalties for €5 million and expense transfers for €10 million.

(\*\*\*) Including dividends for €9 million and loan interest for €37 million.

(\*\*\*\*) Exceptional income and expenses relate to the sale of MNC SAS shares to Lagardère Participations.

**11. ACCRUED INCOME AND EXPENSES**

Accrued income included in the following balance sheet items:		Accrued expenses included in the following balance sheet items:	
Long-term investments	9	Borrowings	18
Short-term receivables	5	Trade and other payables	13
Cash and cash equivalents	-		-
<b>Total</b>	<b>14</b>	<b>Total</b>	<b>31</b>

**12. FINANCIAL INCOME AND EXPENSES**

	2020	2019
<b>Financial income</b>	<b>56</b>	<b>96</b>
Financial income from investments in subsidiaries and affiliates	46	86
Income from other investment securities and long-term receivables	2	2
Other interest and similar income	8	8
Net income from marketable securities	-	-
Reversals of provisions and expense transfers	-	-
Foreign exchange gains	-	-
<b>Financial expenses</b>	<b>(86)</b>	<b>(59)</b>
Interest and similar expenses	(59)	(54)
Additions to provisions	(27)	(4)
Foreign exchange losses	-	(1)
<b>Net financial income</b>	<b>(30)</b>	<b>37</b>

**13. EXCEPTIONAL ITEMS**

	2020	2019
Net gains (losses) on disposals of assets	(8)	4
Net (additions to) reversals of provisions	9	-
Other exceptional income and expenses	3	(4)
<b>Net exceptional income</b>	<b>4</b>	<b>-</b>

**14. INCOME TAX**

The Company reported an income tax benefit of €36 million in 2020. This reflects tax consolidation relief of €35 million and Group tax income of €1 million. At 31 December 2020, the tax group

comprising Lagardère SCA and its subsidiaries had unused tax loss carryforwards of some €285 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 <sup>(*)</sup>	950
Guarantees given to third parties	-	Counter-guarantees received from third parties	-

(\*) A total of €300 million had been drawn down on the authorised €1,250 million credit line at 31 December 2020. On 18 December 2020, Lagardère SCA signed an agreement to amend and extend its credit facility from May 2022 to March 2023 in an amount of €1,002 million. This agreement took effect on 8 January 2021.

**Free share award plans**

From 2017 to 2019, the Group set up plans to award free shares to employees, the Co-Managing Partners and members of the Enlarged Committee. 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. 2020 <sup>(*)</sup>
6 April 2017 plans	817,660	178,840
16 April 2018 plans	812,460	721,210
8 April 2019 plans	474,990	459,340
14 May 2019 plans	232,370	228,370
10 October 2019 plans	100,000	99,500

(\*) Number of rights that can be issued after write-offs and before taking into account the extent to which the performance conditions were achieved.

- ▶ 6 April 2017 plans: 817,660 shares;
- ▶ 16 April 2018 plans: 812,460 shares;
- ▶ 8 April 2019 plans: 474,990 shares;
- ▶ 14 May 2019 plans: 232,370 shares;
- ▶ 10 October 2019 plans: 100,000 shares.

For Group employees who are beneficiaries of the 6 April 2017, 16 April 2018, 8 April 2019 and 10 October 2019 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 Co-Managing Partners and the members of the Enlarged Committee, who are beneficiaries of the 6 April 2017, 16 April 2018, 14 May 2019 and 10 October 2019 plans, the shares will only vest subject to:

- ▶ the beneficiaries remaining with the Group until at least 6 April 2020, 17 April 2021, 15 May 2022 and 11 October 2022, respectively, under the 2017, 2018 and 2019 plans;
- ▶ and
  - for plans awarded in 2018 and earlier, achievement of objectives based on criteria internal to the Group (consolidated recurring operating profit and net cash from operating activities), with the number of shares awarded reduced accordingly if these objectives are not met;
  - for plans awarded in 2019, 80% of the award is subject to the achievement of objectives based on criteria internal to the Group (recurring operating profit of fully consolidated companies, free cash flow, and proportion of women in senior management), with the number of shares awarded reduced accordingly if these objectives are not met. The remaining 20% of the award is subject to meeting criteria linked to market conditions (relative performance of Lagardère SCA's Total Shareholder Return), with no adjustment to the corresponding plan expense if these objectives are not met.

**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 2020, Lagardère SCA 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. 2020 (in millions of euros) <sup>(*)</sup>	Fair value at 31 Dec. 2019 (in millions of euros)
Cross-currency swaps maturing 13 April 2023	165	148	13	1
Cross-currency swaps maturing 21 June 2024	165	145	11	(2)
Cross-currency swaps maturing 26 June 2026	100	91	9	2
<b>Hedging derivatives</b>	<b>430</b>	<b>384</b>	<b>33</b>	<b>1</b>

(\*) Including €33 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 2020, the remeasurement of the loans granted to Lagardère North America at the year-end rate gave rise to an €56 million unrealised foreign exchange loss, and the remeasurement of hedging instruments generated an unrealised gain of €33 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****Amendment of the syndicated credit agreement and securing of a state-backed loan**

On 18 December 2020, the Group signed an agreement to amend and extend its syndicated credit facility (effective from 8 January 2021), which provides it with access to a total of €1,102 million up to 11 May 2022 and then €1,002 million up to 31 March 2023.

This amendment to the syndicated credit agreement also includes a loan for €465 million, 80% of which is guaranteed by the French state. Details of the loan were published in France's Official Journal on 3 January 2021. On 8 January 2021, the Group drew down the full amount of this loan. The loan's initial one-year term can be extended for up to five additional one-year periods. This option may be exercised at the Company's discretion at the end of the initial one-year term.

These agreements redefine the ratios to be respected as set out in the covenant clause, and also impose the following rules on dividend payouts:

- i) no dividends shall be paid by Lagardère SCA in 2020 in respect of 2019 or in 2021 in respect of 2020;
- ii) the maximum dividend that may be paid in 2022 in respect of 2021 is €0.50 per share, on condition that net debt is less than €2,000 million;
- iii) the maximum dividend that may be paid in 2023 in respect of 2022 is €1.30 per share; and
- iv) the maximum dividend that may be paid as from 2024 is €1.30, with the possibility of an increase in this amount depending on the level of the leverage ratio.

There is also a limit of €5 million per annum on share buybacks carried out outside the scope of the liquidity agreement for as long as the leverage ratio remains above 3.5x.

## Subsidiaries and affiliates at 31 December 2020

(in thousands of euros)	Share capital	Reserves (excl. retained earnings)	Share of capital held (%)	
Information on investments with a book value in excess of 1% of Lagardère SCA's share capital or over which it exercises significant influence				
<b>A - Subsidiaries</b> (Lagardère SCA's holding: at least 50%)				
LAGARDÈRE FINANCE (immeuble Octant – 4-10 avenue André Malraux 92689 Levallois-Perret Cedex)	1,540,000	170,197	100.00	
LAGARDÈRE MEDIA (4 rue de Presbourg – 75116 Paris)	879,611	(216,824)	100.00	
LAGARDÈRE PARTICIPATIONS (4 rue de Presbourg – 75116 Paris)	15,250	2,250	100.00	
LAGARDÈRE RESSOURCES (immeuble Octant – 4-10 avenue André Malraux 92689 Levallois-Perret Cedex)	2,000	(9,058)	100.00	
MATRA MANUFACTURING & SERVICES (4 rue de Presbourg – 75116 Paris)	13,528	(23,128)	100.00	
<b>B - Affiliates</b> (Lagardère SCA's holding: 10% to 50%)				
<b>C - Other significant investments</b> (Lagardère SCA's holding: less than 10%)				
Information concerning other subsidiaries and affiliates				
<b>A - Subsidiaries not included in paragraph A above</b>				
- Other subsidiaries: Lagardère UK				
<b>B - Affiliates not included in paragraph B above</b>				
- Other subsidiaries				
<b>C - Investments not included in paragraph C above</b>				
- Other subsidiaries				

	Carrying amount of shares held		Outstanding loans and advances granted by the Company	Guarantees given by the Company	Revenue for the last fiscal year	Profit (loss) for the last fiscal year	Dividends received by the Company during the year
	Gross	Net					
	1,695,000	1,695,000			0	11,537	9,542
	2,730,374	2,730,374			0	(85,483)	0
	25,445	25,445			0	(19,088)	0
	101,332	0			58,601	206	0
	94,035	0			0	(152)	0
	452	224				(253)	0

## Investment portfolio at 31 December 2020

<b>I. Investments in subsidiaries and affiliates (in thousands of euros)</b>		
<b>A. Investments in French companies</b>		
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
999,991	Lagardère Participations	25,445
200,000	Lagardère Ressources	0
845,474	Matra Manufacturing & Services	0
Book value below €15,000		
0		
<b>Total investments in French companies</b>		<b>4,450,819</b>
<b>B. Investments in non-French companies</b>		
Number of shares held:		
325,100	Lagardère UK	224
Book value below €15,000		
0		
<b>Total investments in non-French companies</b>		<b>224</b>
<b>Total investments in subsidiaries and affiliates</b>		<b>4,451,043</b>
<b>II. Other long-term investments (in thousands of euros)</b>		
<b>C. Investment funds</b>		
	FCPR IDINVEST	10,127
<b>Total investment funds</b>		<b>10,127</b>
<b>D. Treasury shares</b>		<b>31,390</b>
<b>Total treasury shares</b>		<b>31,390</b>
<b>Total other long-term investments</b>		<b>41,517</b>
<b>III. Short-term investments (in thousands of euros)</b>		
<b>A. French securities</b>		
<b>1. Equities and mutual funds</b>		
<b>0</b>		
Number of shares held: 0 0		
<b>2. Collective investment funds</b>		
<b>10,221</b>		
Number of shares held: 44 232		
<b>Total short-term investments (book value)</b>		<b>10,221</b>

**5.5.1 OTHER DISCLOSURE: LAGARDÈRE SCA – FIVE-YEAR FINANCIAL SUMMARY**

(Articles R. 225-83 and R. 225-102 of the French Commercial Code)

Type of indications		2016	2017	2018	2019	2020
<b>I</b>	<b>Share capital at 31 December (in euros)</b>					
a)	Share capital	799,913,045	799,913,045	799,913,045	799,913,045	<b>799,913,045</b>
b)	Number of ordinary shares outstanding	131,133,286	131,133,286	131,133,286	131,133,286	<b>131,133,286</b>
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	-	-	-	-	-
<b>II</b>	<b>Results of operations (in thousands of euros)</b>					
a)	Revenue	59,453	59,546	60,202	71,202	<b>49,754</b>
b)	Earnings (loss) before tax, depreciation, amortisation and provisions	(40,470)	82,873	188,116	31,627	<b>(48,550)</b>
c)	Income tax <sup>(*)</sup>	63,132	87,805	94,576	51,161	<b>35,780</b>
d)	Earnings after tax, depreciation, amortisation and provisions	31,440	162,282	277,979	77,512	<b>(30,167)</b>
e)	Dividends paid	170,025	170,604	171,673	0	-
<b>III</b>	<b>Earnings per share (in euros)</b>					
a)	Earnings (loss) per share after tax, but before depreciation, amortisation and provisions	0.17	1.30	2.16	0.63	<b>(0.10)</b>
b)	Earnings per share after tax, depreciation, amortisation and provisions	0.24	1.24	2.12	0.59	<b>(0.23)</b>
c)	Dividend per share	1.30	1.30	1.30	0.00	-
<b>IV</b>	<b>Personnel (in euros, excluding headcount)</b>					
a)	Average headcount	9	8	8	8	<b>8</b>
b)	Total wages and salaries	2,944,590	2,607,183	1,739,429	2,160,348	<b>2,281,740</b>
c)	Total employee benefit expense	1,025,805	1,275,889	896,224	735,669	<b>608,512</b>

(\*) Mainly the tax benefit resulting from tax consolidation.

## 5.6 STATUTORY AUDITORS' REPORT ON THE COMPANY'S FINANCIAL STATEMENTS

AFR

To the General Meeting of Lagardère SCA,

### OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Lagardère S.C.A. for the year ended 31 December 2020.

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 2020 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 2020 to the date of our report, and, specifically, we did not provide any prohibited non audit services referred to in article 5 (1) of Regulation (EU) no. 537/2014.

### JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

### VALUATION OF INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED RECEIVABLES

#### Risk identified

As at 31 December 2020, the carrying amount of investments in subsidiaries and affiliates recognized in the balance sheet amounted to €4,451 million, representing 79% of total assets. Loans and advances to subsidiaries and affiliates amounted to €705 million, or 12% of total assets.

As indicated in note "Accounting policies" to the financial statements, investments in subsidiaries are measured at historical cost or subscription value less impairment for any excess of those amounts over value in use. Value in use is generally estimated on the basis of a review of the past year and outlook for future years, together with any other relevant information that may contribute to a meaningful valuation. The recoverability of loans and advances to subsidiaries and affiliates is assessed based on the characteristics of the loan and the profitability outlook for the entities concerned. In principle, these receivables are only impaired once the corresponding investments have been written down in full.

Estimating the value in use of investments requires management to exercise judgement in choosing the criteria to be taken into account in assessing them (corresponding to historical or projected data, depending on the circumstances), especially in the context of the Covid-19 crisis. In this context and given the inherent uncertainty associated with certain criteria, notably achievement of forecasts, we deemed the correct valuation of investments in subsidiaries and associated receivables to be a key audit matter.

#### Our response

Our audit work consisted in:

- ▶ obtaining an understanding of the methods used by management to implement impairment tests;
- ▶ verifying, on the basis of information provided to us, whether values in use of investments determined by Lagardère management are estimated on an appropriate basis regarding valuation method and data used;
- ▶ regarding valuation based on historical data, verifying that equity used is in line with audited financial accounts;
- ▶ Regarding valuation based on projected data:
  - obtaining cash flow forecasts determined by management that take into account the impact of the context of the Covid-19 crisis and appreciate consistency with forecasts from the business plan;
  - analysing the consistency of the hypothesis used with the economic environment at year end and at closing date;
  - comparing the value determined from cash flow forecasts adjusted by debts of the entity with the net book value of the investment in balance sheet statement;
- ▶ assessing the recoverability of the loans and advances to subsidiaries and affiliates.

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 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 Managing Partners' management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in article D. 441-6 of the French Commercial Code (*Code de commerce*).

### REPORT ON CORPORATE GOVERNANCE

We attest that the Supervisory Board's report on corporate governance sets out the information required by articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to article L. 22-10-11 of the French Commercial Code (*Code de commerce*) we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

### OTHER INFORMATION

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### FORMAT OF PRESENTATION OF THE FINANCIAL STATEMENTS INTENDED TO BE INCLUDED IN THE ANNUAL FINANCIAL REPORT

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor 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 Managing Partners, complies with the single electronic format defined in the European Delegated Regulation no. 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 in agreement with those on which we have performed our work.

### APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed Statutory Auditors of Lagardère SCA by the Annual General Meetings held on 29 June 1987 for ERNST & YOUNG et Autres and on 20 June 1996 for Mazars.

As at 31 December 2020, ERNST & YOUNG et Autres and Mazars were in the thirty-fourth year and the twenty-fifth year of total uninterrupted 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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and, where applicable, its internal audit regarding the accounting and financial reporting procedures.

The financial statements were approved by the Managing Partners.

## STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

### OBJECTIVE AND AUDIT APPROACH

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- ▶ Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- ▶ Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- ▶ Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

## REPORT TO THE AUDIT COMMITTEE

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence and the related safeguards.

French original signed in Courbevoie and Paris La Défense, on 28 April 2021

### The Statutory Auditors

#### MAZARS

Simon Beillevaire

#### ERNST & YOUNG et Autres

Bruno BIZET

## 5.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**AFR**

To the General Meeting of Lagardère SCA,

### OPINION

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying consolidated financial statements of Lagardère S.C.A. for the year ended 31 December 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2020 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 2020 to the date of our report, and, specifically, we did not provide any prohibited non audit services referred to in article 5 (1) of Regulation (EU) no. 537/2014.

### EMPHASIS OF MATTER

We draw attention to the Notes 1, 3.9 and 18 to the consolidated financial statements related to the implementation of IFRS 16 amendment related to Covid-19 lease concessions.

### JUSTIFICATION OF ASSESSMENTS – KEY AUDIT MATTERS

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organisation and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial

statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

### VALUATION OF GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

#### Risk identified

Goodwill and other intangible assets with indefinite useful lives, which have net book values of €1,461 million and €158 million, respectively, meet the definitions set out in notes 3.7 and 3.8 to the consolidated financial statements.

Management assesses at each closing date that the recoverable amount of goodwill and intangible assets with indefinite useful lives is higher than their carrying amount, and that there is no indication of impairment loss. The estimated future cash flows used for the impairment test are based on the internal budgets drawn up at the end of the year. They are determined using key assumptions and assessments that take into consideration effects of the economic environment, in the specific context of Covid-19 crisis which is source of volatility and uncertainty.

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 subsequent to those covered in the budgets. The methods for implementing impairment tests at the level of the cash-generating units (CGUs) to which assets have been allocated, are described in note 3.12, and the assumptions used are indicated in Note 10 to the consolidated financial statements.

Because of the importance of management judgement and of the uncertainties associated with the assumptions used, we have considered goodwill and intangible assets with indefinite useful life valuation as a key audit matter.

#### Our response

We have analysed the method applied and made sure it complies with the accounting standards in force.

We have held discussions with management in order to assess the assumptions used and performed a critical analysis of the method implemented and have analysed in particular:

- ▶ the completeness of figures included in the book values of CGUs that are tested, and the consistency of the calculated values with the cash flow forecasts used to determine the recoverable amounts;
- ▶ the reasonableness of the cash flow forecasts compared to the economic and financial environment for the most sensitive CGUs, and the reliability of the estimation process;
- ▶ the consistency of those cash flow forecasts with the latest estimates established by management under the supervision of the Managing Partners in the context of the budget process, especially regarding Travel Retail branch for which cash flow

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

forecasts have been extended until 2030 with hypothesis of a return to 2019 activity level depending on geographical areas.

- ▶ the consistency of the growth and discount rates used for cash flow projections, with the assistance of our valuation experts;
- ▶ the calculation of the discount applied to future cash flows;
- ▶ the sensitivity calculations performed by management to changes in the main assumptions used.

Lastly, we have assessed the reasonableness of the information included in notes 1.1, 3.12 and 10 to the consolidated financial statements.

## REVENUE RECOGNITION IN LAGARDERE PUBLISHING DIVISION – RETURNS ESTIMATES

### Risk identified

Revenue recognition for Lagardère Publishing is subject to management estimates mainly in respect of returns estimates.

Revenue recognition principles are described in notes 3.1 and note 31 to the consolidated financial statements; returns estimates recognised as an accrual amount to €308 million as at 31 December 2020.

That amount represents distributors' right to return unsold copies to Lagardère Publishing. This is recognised as a deduction from revenue and constitutes an accrual estimated on the basis of forecast sales invoiced during the year and of historical returns data. The calculation is statistical and reflects the return rate for the prior year adjusted for fluctuations in sales volumes and for the economic climate of the current year.

Given the importance of the returns estimates, and of the assumptions and areas of judgement involved in the calculation, we consider revenue recognition, especially returns estimates, for Lagardère Publishing as a key audit matter.

### Our response

Our audit procedures involved in particular:

- ▶ understanding processes and key controls implemented by the management on the sales process including the treatment of returns;
- ▶ obtaining an understanding of the basis of calculation of returns and of the main assumptions used to estimate the amount of returns at the closing date;
- ▶ performing a critical review of the return rates applied and of the applicable calculation assumptions including, in particular the corresponding margins;
- ▶ comparing the estimated return rates with the corresponding historical rates;
- ▶ testing the consistency of the flows of sales and returns retained for calculation purposes;
- ▶ verifying the arithmetical accuracy of the statistical method applied;
- ▶ identifying any specific factors resulting in manual adjustments and validate on a sample survey those adjustments.

## COVID-19 CONTEXT RELATED RENT CONCESSIONS IN THE LAGARDERE TRAVEL RETAIL ACTIVITIES

### Risk identified

Due to the Covid-19 pandemic, many landlords have granted rent concessions to their tenants.

The Group's rent concessions were mainly obtained in the Lagardère Travel Retail activities, where the Group operates concessions agreements in transport hubs.

In this context, the International Accounting Standards Board has issued an amendment to IFRS 16 – Covid-19 Related Rent Concessions, endorsed by the European Union in October 2020, to allow lessees not to account for rent concessions as lease modifications if they are a direct consequence of Covid-19 and meet certain conditions. The Covid-19 Related Rent Concessions amendment allow to record rent reliefs in reduction of Lease liability with as a counterpart, a gain in P&L when the conditions are met. Lagardère Group has adopted this amendment starting 1 January 2020.

As of 31 December 2020, lease liability and rights of use related to concession contracts in Lagardère Travel Retail branch were reduced by €701 million (including a gain on contracts of €171 million) and €530 million respectively as a result of lease negotiations.

We consider the application of this amendment to be a key audit matter, given the large number of leases and rent concessions obtained, the material value of right-of-use assets and lease liabilities in the Group's consolidated financial statements.

### Our response

Our audit procedures involved in particular:

- ▶ comparing the conformity of the accounting principles applied with the provisions of IFRS 16 and Covid-19 Related Rent Concessions amendment;
- ▶ understanding processes and testing key controls implemented by the management to ensure appropriate accounting treatment related to rent concessions negotiated or obtained in 2020;
- ▶ testing the effectiveness of key information systems controls in verifying the accurate calculation, after taking into consideration impacts related to rent concessions as measured and recognized by the Group, of lease liabilities, right-of-use assets, depreciation, interest charges;
- ▶ performing test of details on data entered in the information systems relating to leases;
- ▶ assessing the appropriateness of the financial disclosures regarding leases and rent concessions in notes 3.9 and 18 to the consolidated financial statements.

## SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information in the management report of the Managing Partners.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group's management report of the Managing Partners, it being specified that, in accordance with article L.823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on 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 standard applicable in France relating to the procedures performed by the statutory auditor 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 Managing Partners, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

### APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as statutory auditors of Lagardère S.C.A. by the annual general meeting held on 20 June 1996 for Mazars and on 29 June 1987 for ERNST & YOUNG et Autres.

As at 31 December 2020, Mazars and ERNST & YOUNG et Autres were in the 25<sup>th</sup> year and 34<sup>th</sup> year of total uninterrupted engagement.

### 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 it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Managing Partners.

### 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 consolidated 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 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 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 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 includes in particular 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 judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our

independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

French original signed in Courbevoie and Paris La Défense, on 28 April 2021

**The Statutory Auditors**

**MAZARS**

Simon Beillevaire

**ERNST & YOUNG et Autres**

Bruno BIZET

## 5.8 STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS

**AFR**

### To the General Meeting of Lagardère SCA,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related-party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements disclosed to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with article R. 226-2 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

Where applicable, it is also our responsibility to provide shareholders with the information required by article R. 226-2 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) related to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the relevant source documents.

### AGREEMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING

#### AGREEMENTS AUTHORISED DURING THE YEAR ENDED 31 DECEMBER 2020

We hereby inform you that we have not been notified of any agreements authorised during the year ended 31 December 2020 to be submitted to the General Meeting for approval in accordance with article L. 226-10 of the French Commercial Code (*Code de commerce*).

#### AGREEMENTS AUTHORISED SINCE 31 DECEMBER 2020

We have been notified of the following agreement, which has been authorised since 31 December 2020 and has been previously approved by your Supervisory Board.

#### AGREEMENT BETWEEN LAGARDÈRE SCA ("THE COMPANY") AND AMBER CAPITAL UK LLP AND AMBER CAPITAL ITALIA SCG SPA ACTING ON BEHALF OF VARIOUS COMPANIES THEY ARE MANAGING ("AMBER CAPITAL")

##### *People involved*

Amber Capital UK LLP and Amber Capital Italia SGR SpA, acting on behalf of the various funds they manage ("Amber Capital"), together owning more than 10% of the voting rights of the Company.

##### *Terms, nature and purpose*

On 27 April 2021, the Supervisory Board approved the signing of a settlement agreement between Amber Capital and your Company (the "Settlement Agreement"), the purpose of which is to terminate

all legal disputes between them and to commit to engaging mutually and without disparagement in constructive dialogue.

This Settlement Agreement was concluded for a twenty-year period. The signing of the Settlement Agreement gives rise to no financial obligations for the Company.

##### *Premise*

The Supervisory Board considered that this Settlement Agreement promotes composed dialogue between the Company and its shareholders, and that this is aligned with its corporate interests.

### AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

In application of article R. 226-2 of the French Commercial Code, we were informed that the following agreements, approved by the General Meeting in previous years, remained in force during the year ended 31 December 2020.

#### AGREEMENTS WITH LAGARDÈRE MANAGEMENT (FORMERLY LAGARDÈRE CAPITAL & MANAGEMENT)

##### *People involved*

Arnaud Lagardère and Pierre Leroy, respectively Managing Partner and co-Managing Partner of Lagardère S.C.A. and Chairman and Chief Executive Officer of Lagardère Management.

##### *Service Agreement*

Under an agreement signed in 1988 by Lagardère Capital & Management with Matra and Hachette, Lagardère Capital & Management provides a range of resources and skills specific to general strategy, international development, company operations, and management of financing, human potential and corporate image. All senior executives working at Lagardère Capital & Management are members of the executive bodies of the Group and of its principal subsidiaries.

The remuneration of Lagardère Capital & Management was modified with effect from 1 July 1999 by an amendment approved in principle by the Supervisory Board on 22 September 1999 and in its final version on 22 March 2000. It was again modified by an amendment approved by the Supervisory Board on 12 March 2004, with retroactive effect from 1 January 2004.

Starting from that date, the remuneration payable by Lagardère Ressources to Lagardère Capital & Management for any given year is equal to the total expenses incurred by Lagardère Capital & Management during that year in execution of the services rendered under the Service Agreement, plus a 10% margin, subject to an absolute upper limit of €1 million. For 2020, the amount of this margin is €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

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

and tax purposes, the transaction took effect retroactively from 1 July 2020.

Following the various reorganisations that have taken place since 1988, this agreement is now between Lagardère Management and Lagardère Ressources.

For 2020, the remuneration of Lagardère Capital & Management and Lagardère Management under this agreement already approved by the General Meeting amounts to €16.7 million, compared to €19.2 million in 2019.

French original signed in Courbevoie and Paris La Défense, on 28 April 2021

**The Statutory Auditors**

**MAZARS**

Simon Beillevaire

**ERNST & YOUNG et Autres**

Bruno BIZET





# RECENT DEVELOPMENTS AND OUTLOOK

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

## 6.1 RECENT DEVELOPMENTS (SINCE 1 JANUARY 2021)

### 6.1.1 SIGNIFICANT EVENTS

#### 6.1.1.1 STATE-BACKED LOAN FOR €465 MILLION AND SIGNATURE OF AN AGREEMENT TO AMEND AND EXTEND THE MATURITY OF THE REVOLVING CREDIT FACILITY TO MARCH 2023

In view of the uncertainty surrounding the ongoing health crisis, the Lagardère group has consolidated its financial position by arranging a state-backed loan and amending and extending the term of its revolving credit facility. All of these agreements were signed on 18 December 2020 and took effect in early January 2021.

Lagardère arranged with its main French and European banking partners a €465 million loan, of which 80% is guaranteed by the French State. The loan was validated by publication of the decision of the Ministry of the Economy, Finance and Recovery dated 31 December 2020 in France's Official Journal (*Journal officiel*) of 3 January 2021. On 8 January 2021, the Group drew down the full amount of this loan.

The maturity of the state-backed loan is 12 months, with an extension option for up to five additional years. This option may be exercised at the Company's discretion at the end of the initial one-year term.

At the same time, Lagardère amended and extended the maturity of its revolving credit facility with its banking partners, which involved:

- ▶ adjusting the amount of the facility to €1.1 billion;
- ▶ extending the term of a €1.0 billion tranche from May 2022 to March 2023;
- ▶ redefining the covenants over this period to take account of the impacts of the health crisis on all of the Lagardère group's businesses (see note 29.1.1 to the 2020 consolidated financial statements).

#### 6.1.1.2 APPOINTMENT OF PIERRE LEROY AS CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND FABRICE BAKHOUCHE AS DEPUTY CHIEF EXECUTIVE OFFICER OF HACHETTE LIVRE

On 29 March 2021, acting on the proposal of Arnaud Lagardère, the board of directors of Hachette Livre, the holding company of the Lagardère Publishing division, appointed Pierre Leroy, Co-Managing Partner of Lagardère SCA, as Chairman and Chief Executive Officer. Pierre Leroy succeeds Arnaud Noury, who has decided to part ways with the Group on an amicable basis.

Also on 29 March 2021, acting on the proposal of Pierre Leroy, the board of directors of Hachette Livre appointed Fabrice Bakhouché as Deputy Chief Executive Officer.

#### 6.1.1.3 PLANNED CONVERSION OF LAGARDÈRE FROM A PARTNERSHIP LIMITED BY SHARES INTO A JOINT-STOCK COMPANY

On 28 April 2021, Lagardère SCA announced that its Supervisory Board had positively received the proposal presented by

Arnaud Lagardère to submit the conversion of Lagardère SCA into a joint-stock company to the 30 June 2021 General Meeting.

This proposal is made in the perspective of:

- ▶ Composed shareholder dialogue, the main investors in Lagardère SCA having agreed to vote in favour of the proposal, and Lagardère and Amber Capital having agreed to terminate their legal disputes;
- ▶ Renewed governance structure, allowing for representation of the main shareholders on the Board of Directors;
- ▶ Continuity of management around Arnaud Lagardère, who would be appointed Chairman and Chief Executive Officer, and Pierre Leroy, who would be appointed Deputy Chief Executive Officer, with added focus on operational excellence and cash generation;
- ▶ Reaffirmation of the integrity of the Group, focused on its two pillars, Lagardère Publishing and Lagardère Travel Retail, together with its Other Activities.

As consideration for relinquishing their rights, the General Partners would be allocated ten million new shares. The consideration would be the subject of a valuation report prepared by an independent expert commissioned by the Supervisory Board which will render its opinion on the contemplated conversion.

The proposed conversion is subject to obtaining an exemption from a tender offer from the French financial markets authority (*Autorité des marchés financiers* – AMF) and the approval of the general meetings of the shareholders and the bondholders.

The proposed conversion would represent an important milestone in the Group's history, built upon leadership in its different businesses and highly-committed teams.

### MAIN TERMS AND CONDITIONS OF THE PLANNED CONVERSION:

#### SUPPORT OF THE MAJOR SHAREHOLDERS

The proposed conversion (hereinafter the "Conversion") and its terms and conditions were submitted by the General and Managing Partners to the main shareholders<sup>(1)</sup> of Lagardère SCA (hereinafter "the Company"), who have agreed to support it. No shareholders' agreement or other common policy exists or will exist between these main shareholders and the Company<sup>(2)</sup>, and none of them will exercise control over the Company after the Conversion.

In conjunction with the Conversion, Arnaud Lagardère and Financière Agache amended their partnership agreement within Lagardère Capital. Subsequent to the Conversion, Financière Agache may elect to receive Lagardère shares held by Lagardère Capital up to the amount of its interest in Lagardère Capital.

The Company and Amber Capital have signed an agreement to terminate the various legal disputes between them.

(1) Vivendi, Qatar Holding LLC, Amber Capital and Financière Agache, which together with Arnaud Lagardère hold 76% of the Company' voting rights.  
 (2) Save for previously disclosed concerts, i.e., (x) the concert between Arnaud Lagardère and the entities controlled by him and Financière Agache and Agache, and (y) the concert between Amber Capital UK and Amber Capital Italia.

## COMPENSATION OF THE GENERAL PARTNERS

The General Partners, Arnaud Lagardère and Arijl Commanditée – Arco, would be compensated for the loss of their rights through the allocation of a total of 10 million new shares.

Corresponding to approximately 7.62% of the Company's share capital prior to the issuance of the shares and approximately 7.08% of the share capital after their issuance, this compensation will be the subject of a report prepared by the firm Ledouble, acting as an independent expert commissioned by the Supervisory Board, which will render its opinion on the contemplated conversion on the basis of this report.

## GOVERNANCE

The proposed governance structure is intended to ensure management continuity for the Lagardère group ("the Group") around Arnaud Lagardère's leadership, and representation of the main shareholders on the Board of Directors.

Arnaud Lagardère would be appointed Chairman and Chief Executive Officer for the duration of his six-year term as a director and Pierre Leroy would become Deputy Chief Executive Officer.

Management services, which are governed by the Service Agreement currently in force between Lagardère Management and the Group, would be brought in house by the end of 2021 in line with terms and conditions to be defined by the Company's Board of Directors.

The Board of Directors would have eleven members, including two directors representing employees appointed by the Group Employees' Committee and nine members appointed by the Annual General Meeting, as follows:

- ▶ three directors proposed by Arnaud Lagardère, including two independent directors;
- ▶ three directors proposed by Vivendi, including two independent directors;
- ▶ one director proposed by Qatar Holding LLC;
- ▶ one director proposed by Amber Capital;

- ▶ one independent director proposed by Financière Agache.

The directors would be appointed for four-year terms, except for Arnaud Lagardère, who would be appointed for six years.

Special measures would be introduced to prevent any transmission of sensitive information and limit participation in certain discussions to directors appointed by certain shareholders for as long as those shareholders control an activity that competes with the activities of the Group.

For a period of six years from the Conversion:

- ▶ the Company's main shareholders will have the right to propose the appointment of directors, as indicated above, provided the minimum levels of share ownership <sup>(1)</sup> in the Company are maintained;
- ▶ the removal and replacement of the Chairman and Chief Executive Officer and the Deputy Chief Executive Officer, as well as any reduction in the conditions of their remuneration, and the appointment of new Deputy Chief Executive Officers, would require a decision of the Board of Directors, based on a two-thirds majority of its members.

Lastly, any disposal of publishing, travel retail or media assets representing revenue exceeding a threshold set for each of these activity groups <sup>(2)</sup>, would require the authorisation of the Board of Directors, based on a three-fifths majority of its members.

## CONDITIONS PRECEDENT TO THE CONVERSION

The Conversion will be carried out subject to the fulfilment of the following conditions:

- ▶ an exemption from a tender offer is obtained from the AMF and such decision is cleared of any appeals;
- ▶ the Conversion is approved by the general meetings of the Company's bondholders to be held by early June 2021;
- ▶ the Conversion is approved by the general meeting of the Company's shareholders, to be held on 30 June 2021.

## 6.1.2 MAJOR CHANGES IN THE GROUP'S FINANCIAL AND COMMERCIAL POSITION

With the ongoing Covid-19 pandemic and travel restrictions still imposed by governments, the precise recovery trajectory for 2021 remains uncertain. The Group continues to put in place various measures to protect its profitability and preserve cash, while continuing to prioritise fine tuned business development and

marketing efforts in its two divisions, Lagardère Publishing and Lagardère Travel Retail.

In addition, the Group has sufficient financial resources to meet its day-to-day requirements and its financial obligations.

## 6.1.3 TREND INFORMATION

### LAGARDÈRE PUBLISHING

In 2020, Lagardère Publishing benefited from the favourable impact of the health crisis on the consumer appeal of reading, the extent of curriculum reform in France, and the release of several publishing sensations selling over a million copies.

The positive impacts on book sales are likely to diminish in 2021 as leisure and cultural establishments such as restaurants, museums, cinemas and live entertainment venues reopen for business. In

addition, the absence of any curriculum reform in 2021 will counter the positive impacts of the release of the new Asterix album in the fourth quarter of 2021.

It should be noted that due to business effects, results tend to be lower in the first half than in the second half of the year.

As in 2020, management will also maintain a tight rein on expenses.

(1) Each shareholder may appoint a member as long as they hold at least 5% of the share capital. Arnaud Lagardère could appoint two members if he holds at least 6.5% of the share capital and three members if he holds at least 7.5%. Vivendi could appoint two members if it holds at least 15% of the share capital and three members if it holds at least 25%.

(2) €50 million for publishing, €100 million for travel retail, and €10 million for media, taken individually or aggregated over 12 months.

## LAGARDÈRE TRAVEL RETAIL

In general, trading at Lagardère Travel Retail closely mirrors trends in air passenger traffic. Trading in the Travel Retail division remained sluggish at the start of 2021, owing to travel restrictions and in spite of the launch of vaccination campaigns in various countries. Forecasts published by various airport industry organisations are constantly changing, due to the prevailing lack of visibility. As of 24 February 2021, IATA forecasts indicate a drop in air passenger traffic in 2021 of between 62% and 67% versus 2019.

In 2021, Lagardère Travel Retail is continuing its efforts to protect its earnings that began in 2020. These include renegotiating leases under concession agreements, optimising overheads and payroll costs, and reducing other store operating costs. These measures led to a very favourable 19.9% flow-through ratio in 2020, a benchmark in its industry. Amid this uncertainty, Lagardère Travel Retail also

continues its efforts to preserve cash, by reviewing its investments and maintaining a tight rein on working capital.

## OTHER ACTIVITIES

### LAGARDÈRE NEWS AND LAGARDÈRE LIVE ENTERTAINMENT

With the ongoing pandemic and travel restrictions still in place, advertising revenues for Lagardère News (*Paris Match*, *Le Journal du Dimanche*, Europe 1, Virgin Radio, RFM and the Elle brand licence) continue to be dented by cost savings measures introduced by advertisers in certain sectors.

The prolonged closure of venues and the cancellation of numerous cultural events continue to take their toll on the Entertainment businesses (live performance venues).

## 6.2 OUTLOOK

**AFR**

Further to its strategic refocusing, the Group's balance is based on two main divisions – Lagardère Publishing and Lagardère Travel Retail – for which the effects of the health crisis diverge sharply. For 2021, the environment remains uncertain against the backdrop of a gradual easing of the intensity of the pandemic. Lagardère is pressing ahead with its Group-wide cost cutting efforts.

For Lagardère Publishing, the positive impacts on its book sales are likely to diminish in 2021, as leisure and cultural establishments reopen for business. In addition, the absence of any curriculum reform in 2021 will counter the positive impacts of the release of the new Asterix album in the fourth quarter of 2021.

The favourable mix effect driven by strong digital media sales in 2020, particularly in English-speaking countries, is expected to diminish and slightly affect profitability in 2021.

Trading at Lagardère Travel Retail closely mirrors trends in air passenger traffic. Lagardère Travel Retail will press ahead with the earnings protection initiatives launched in 2020, which resulted in a very favourable flow-through ratio of 19.9% in 2020, a benchmark in its industry. These cost-cutting actions should enable Lagardère Travel Retail to minimise flow through in 2021 versus 2019, depending on the pace of the recovery. Lagardère Travel Retail is also actively continuing efforts to control cash, especially as regards working capital and capital expenditure in 2021.

In light of the various aforementioned uncertainties, the Lagardère group did not issue any guidance for 2021.

## 6.3 EARNINGS FORECAST

None.

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



# ADDITIONAL INFORMATION

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

## 7.1 PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE UNIVERSAL REGISTRATION DOCUMENT

### MANAGING PARTNERS

▶ Arnaud Lagardère,

▶ Arjil Commanditée-Arco, represented by:

- Arnaud Lagardère, Chairman and Chief Executive Officer;
- Pierre Leroy, Deputy Chairman and Chief Operating Officer;
- Thierry Funck-Brentano, Chief Operating Officer.

## 7.2 STATEMENT BY THE PERSONS RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

**AFR**

### STATEMENT BY THE MANAGING PARTNERS

We hereby declare that the information set out in this Universal Registration Document is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

We further declare that to the best of our knowledge, the financial statements have been prepared in compliance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all the entities included in the consolidation, and that the accompanying

management report (see the cross-reference tables in section 8.2 for the list of components) provides a fair view of the business, results of operations and financial position of the Company and all the entities included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Paris, 28 April 2021

**Arnaud Lagardère**

**For Arjil Commanditée-Arco**

Arnaud Lagardère Pierre Leroy

## 7.3 DETAILS OF THE STATUTORY AUDITORS

	First appointed	End of current term of office
<b>Statutory</b>		
Ernst & Young et Autres represented by Bruno Bizet 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 61, rue Henri Regnault – 92400 Courbevoie Member of the Versailles Regional Institute	20 June 1996	2026

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

## 7.4 DOCUMENTS ON DISPLAY

The persons responsible for this Universal Registration Document attest that during the validity of this Universal Registration Document the following documents will be freely accessible on the corporate website ([www.lagardere.com](http://www.lagardere.com)) in the "Investor Relations – Regulated Information" section:

- ▶ 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;
- ▶ General Meeting documents for the last ten years;
- ▶ the latest version of the Company's Articles of Association.

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## CROSS-REFERENCE TABLES

<b>8.1</b>	<b>CROSS-REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT</b>	<b>304</b>
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## 8.1 CROSS-REFERENCE TABLE WITH THE ANNUAL FINANCIAL REPORT

The Annual Financial Report prepared in accordance with article L. 451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and article 222-3 of the General Regulations of the French financial markets authority (*Autorité des marchés financiers – AMF*) comprises the information, documents and reports listed below, which are presented in the chapters, sections and pages indicated of the accompanying Universal Registration Document.

Parent company financial statements for 2020	Chapter 5.5	272
Consolidated financial statements for 2020	Chapter 5.3	176
Management report (minimum disclosures as defined in Article 222-3 of the General Regulation of the AMF)	See management report cross-reference table below	305
Statement by the persons responsible for the information (Statement by the persons responsible for the Annual Financial Report and Universal Registration Document)	Chapter 7.2	300
Statutory Auditors' report on the Company's financial statements	Chapter 5.6	286
Statutory Auditors' report on the consolidated financial statements	Chapter 5.7	289
▶ Fees paid to the Statutory Auditors	Chapter 5.3 (see note 37 to the consolidated financial statements)	255

**8.2 CROSS-REFERENCE TABLE WITH THE MANAGEMENT REPORT**

	<b>Mandatory disclosures</b>	<b>Applicable laws and standards</b>	<b>Section</b>
<b>①</b>	<b>COMPANY'S FINANCIAL POSITION AND BUSINESSES</b>		
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 debts situation, in relation to the volume and complexity of its business	Articles L. 225-100-1, I, 1°, L. 232-1, II, L. 233-6 and L. 233-26 of the French Commercial Code	1.4/1.8/5.2
1.2	Key financial performance indicators	Article L. 225-100-1, I, 2° of the French Commercial Code	5.2
1.3	Key non-financial performance indicators relating to the Company's and the Group's specific operations, including information on environmental and personnel issues	Article L. 225-100-1, I, 2° of the French Commercial Code	4.3
1.4	Material events arising between the end of the reporting period and the date of the management report	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	6.1.1
1.5	Names of the major shareholders and holders of voting rights at General Meetings, and changes during the year	Article L. 233-13 of the French Commercial Code	2.9.8
1.6	Existing branches	Article L. 232-1, II of the French Commercial Code	-
1.7	Significant shareholdings acquired in companies with their registered office in France	Article L. 233-6, paragraph 1 of the French Commercial Code	1.8.1
1.8	Transfers of cross-holdings	Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code	-
1.9	Projected development of the Company's and the Group's situation and future prospects	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	6.2
1.10	Research and development activities	Articles L. 232-1, II and L. 233-26 of the French Commercial Code	1.4
1.11	Table of the Company's financial results over each of the last five years	Article R. 225-102 of the French Commercial Code	5.5.1
1.12	Information on payment deadlines for suppliers and clients	Article D. 441-4 of the French Commercial Code	5.4.3
1.13	Amount of inter-company loans granted and the Statutory Auditor's statement	Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code	-
<b>②</b>	<b>INTERNAL CONTROL AND RISK MANAGEMENT</b>		
2.1	Description of the main risks and contingencies to which the Company is exposed	Article L. 225-100-1, I, 3° of the French Commercial Code	3.1
2.2	Information on financial risks linked to climate change and measures taken to reduce them by implementing a low-carbon strategy throughout all components of the business	Article L. 22-10-35, 1° of the French Commercial Code	4.3.2.2

	<b>Mandatory disclosures</b>	<b>Applicable laws and standards</b>	<b>Section</b>
2.3	Main internal control and risk management procedures put in place by the Company and by the Group, in particular those relating to the preparation and processing of accounting and financial information	Article L. 22-10-35, 2° of the French Commercial Code	3.2
2.4	Information on the objectives and policy regarding the hedging of each major category of transactions and the exposure to price, credit, liquidity and cash risks, including the use of financial instruments	Article L. 225-100-1, 4° of the French Commercial Code	See note 29 to the consolidated financial statements
2.5	Anti-corruption measures	French Act no. 2016-1691 of 9 December 2016 ("Sapin II")	3.2.6.6
2.6	Duty of care plan and report on its effective implementation	Article L. 225-102-4 of the French Commercial Code	4.7

### 3

## **CORPORATE GOVERNANCE REPORT**

### Information on remuneration

3.1	Remuneration policy with regard to corporate officers	Article L. 22-10-8, I, paragraph 2 of the French Commercial Code	2.4.1/2.5.1
3.2	Remuneration and benefits in kind paid during the financial year or granted in respect of the financial year to each corporate officer	Article L. 22-10-9, I, 1° of the French Commercial Code	2.4.2/2.5.2
3.3	Relative proportion of fixed and variable remuneration	Article L. 22-10-9, I, 2° of the French Commercial Code	2.4.1.2.D/2.5.1
3.4	Possibility to request repayment of variable remuneration	Article L. 22-10-9, I, 3° of the French Commercial Code	2.4.1.2.A B)
3.5	Commitments of any kind entered into by the Company for the benefit of its corporate officers concerning the remuneration, compensation and benefits that would be due or potentially due on or following their appointment, loss of office or change in position	Article L. 22-10-9, I, 4° of the French Commercial Code	2.4.1.2.C C)
3.6	Remuneration paid or allocated by a company included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	Article L. 22-10-9, I, 5° of the French Commercial Code	2.4.1.1/2.4.2.3
3.7	Ratios between the level of remuneration of each executive corporate officer and the average and median remuneration of Company employees	Article L. 22-10-9, I, 6° of the French Commercial Code	2.4.2.2/2.5.2.2
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	2.4.2.2/2.5.2.2
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	2.4.2/2.5.2
3.10	Way in which the results of voting at the last Ordinary General Meeting have been taken into account, pursuant to Article L. 225-100, II (until 31 December 2020) and then Article L. 22-10-34, I (from 1 January 2021) of the French Commercial Code	Article L. 22-10-9, I, 9° of the French Commercial Code	2.4.2/2.5.2
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	2.4.2/2.5.2

	<b>Mandatory disclosures</b>	<b>Applicable laws and standards</b>	<b>Section</b>
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	2.4.1.2.B
3.14	Free shares granted to and held by executive corporate officers	Articles L. 225-197-1 and L. 22-10-59 of the French Commercial Code	2.4.1.2.B/2.5.3
	Information on governance		
3.15	List of positions held and duties performed by each corporate officer in all companies during the reporting period	Article L. 225-37-4, 1° of the French Commercial Code	2.2/2.3
3.16	Agreements entered into between a corporate officer or a significant shareholder and a subsidiary	Article L. 225-37-4, 2° of the French Commercial Code	2.6.2/2.8.1
3.17	Summary table showing delegations granted by the General Meeting to increase the share capital currently in force	Article L. 225-37-4, 3° of the French Commercial Code	2.9.4
3.18	General management procedures	Article L. 225-37-4, 4° of the French Commercial Code	2.1
3.19	Membership, preparation and organisation of the work of the Board	Article L. 22-10-10, 1° of the French Commercial Code	2.3.2/2.3.3/2.3.4
3.20	Application of the principle of a balanced gender mix on the Board	Article L. 22-10-10, 2° of the French Commercial Code	2.3.1.D
3.21	Limitations that the Board may put on the powers of the Chief Executive Officer	Article L. 22-10-10, 3° of the French Commercial Code	-
3.22	Reference to a corporate governance Code and application of the "comply or explain" principle	Article L. 22-10-10, 4° of the French Commercial Code	2.3.6
3.23	Specific conditions for shareholder participation in the General Meeting	Article L. 22-10-10, 5° of the French Commercial Code	2.10.6
3.24	Procedure for assessing agreements entered into in the ordinary course of business and at arm's length conditions	Article L. 22-10-10, 6° of the French Commercial Code	2.3.2

	<b>Mandatory disclosures</b>	<b>Applicable laws and standards</b>	<b>Section</b>
3.25	<p>Information likely to have an impact in the event of a public offer or exchange offer:</p> <ul style="list-style-type: none"> <li>- share ownership structure;</li> <li>- restrictions provided for in the articles of association on the exercise of voting rights and share transfers or clauses of agreements brought to the Company's attention pursuant to Article L. 233-11;</li> <li>- direct or indirect holdings in the Company's share capital of which it has knowledge pursuant to Articles L. 233-7 and L. 233-12;</li> <li>- list of holders of any securities that include special control right and a description thereof – Control mechanisms provided for as part of an employee share ownership system, where control rights are not exercised by the employees;</li> <li>- shareholder agreements that the Company is aware of and which may result in restrictions on the transfer of shares and the exercise of voting rights;</li> <li>- rules applicable to the appointment and replacement of members of the board of directors, and to amendments to the Company's articles of association;</li> <li>- powers of the board of directors, notably in terms of the issuance or repurchase of shares;</li> <li>- agreements entered into by the Company that would be altered or terminated in the event of a change of control, except where this disclosure would seriously jeopardise its interests, aside from legal disclosure obligations;</li> <li>- agreements providing for the payment of indemnities to members of the board of directors or to employees in the event of their resignation or termination without valid and sufficient cause or the termination of their employment due to a public offer or exchange offer.</li> </ul>	Article L. 22-10-11 of the French Commercial Code	2.6.4/2.9.8.6/ 2.10.2/2.10.3/ 2.10.4/2.10.6/ 2.10.7/2.10.8
<b>4</b>	<b>OWNERSHIP STRUCTURE AND SHARE CAPITAL</b>		
4.1	Ownership structure, changes in the Company's share capital and threshold crossings	Article L. 233-13 of the French Commercial Code	2.9.8/2.9.1.2
4.2	Purchase and sale of treasury shares	Article L. 225-211 of the French Commercial Code	2.9.2
4.3	Employee share ownership at the period end (proportion of share capital represented)	Article L. 225-102, paragraph 1 of the French Commercial Code	2.9.8.1
4.4	Any adjustments made to securities giving rights to share capital in the event of share buybacks or financial transactions	Articles R. 228-90 and R. 228-91 of the French Commercial Code	-
4.5	Information on transactions by executive corporate officers and related persons in the Company's shares	Article L. 621-18-2 of the French Monetary and Financial Code	2.6.5
4.6	Dividends paid during the last three financial years	Article 243 <i>bis</i> of the French Tax Code	5.1.1
<b>5</b>	<b>NON-FINANCIAL STATEMENT</b>		
5.1	Business model	Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code	1.4/4.1
5.2	Description of the main risks related to the business activity of the Company or the Group including, when relevant and proportional, the risks created by business relationships, the products or services	Articles L. 225-102-1 and R. 225-105, I, 1° of the French Commercial Code	4.3

	<b>Mandatory disclosures</b>	<b>Applicable laws and standards</b>	<b>Section</b>
5.3	Information on the manner in which the Company or the Group takes into account the social and environmental consequences of its business activity and the effects of this business activity in relation to respect for human rights and the fight against corruption (description of the policies implemented and reasonable diligence procedures implemented to prevent, identify and mitigate the main risks related to the business activity of the Company or the Group)	Articles L. 225-102-1, III, R. 225-104 and R. 225-105, I, 2° of the French Commercial Code	4.3/4.3.1/4.3.2/4.3.3/4.3.4
5.4	Results of the policies implemented by the Company or the Group, including key performance indicators	Articles L. 225-102-1 and R. 225-105, I, 3° of the French Commercial Code	4.3/4.3.1/4.3.2/4.3.3/4.3.4
5.5	Labour information (employment, work organisation, health and security, social relations, training, equal treatment)	Articles L. 225-102-1 and R. 225-105, II A. 1° of the French Commercial Code	4.3.1
5.6	Environmental information (general policy on environmental, pollution, circular economy, climate change matters)	Articles L. 225-102-1 and R. 225-105, II A. 2° of the French Commercial Code	4.3.2
5.7	Societal information (societal commitments in support of sustainable development, subcontracting and suppliers, fair practices)	Articles L. 225-102-1 and R. 225-105, II A. 3° of the French Commercial Code	4.4.2
5.8	Information related to measures to prevent corruption	Articles L. 225-102-1 and R. 225-105, II B. 1° of the French Commercial Code	4.3.4
5.9	Information related to measures to promote human rights	Articles L. 225-102-1 and R. 225-105, II B. 2° of the French Commercial Code	4.3.3
5.10	Specific disclosures: - the Company's technological accident risk prevention policy; - the Company's ability to cover its civil liability in terms of property and people due to classified facilities; and - resources provided to oversee the processing of victim compensation in the event of a technological accident for which the Company may be held liable.	Article L. 225-102-2 of the French Commercial Code	-
5.11	Collective agreements signed by the Company and their impact on its economic performance, as well as employee health, safety and working conditions	Articles L. 225-102-1, III and R. 225-105 of the French Commercial Code	4.4.1.A.2/4.4.1.A.3
5.12	Certificate issued by the independent third party on the information presented in the non-financial statement	Articles L. 225-102-1, III and R. 225-105-2 of the French Commercial Code	4.6

## 6

### OTHER INFORMATION

6.1	Additional tax information	Articles 223 <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	-

## 8.3 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT WITH ANNEX 1 OF EUROPEAN REGULATION NO. 2019/980

### Information

### Section no.(1)

<b>①</b>	<b>PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERTS' REPORTS AND COMPETENT AUTHORITY APPROVAL</b>	
1.1	Persons responsible for the Universal Registration Document	7.1
1.2	Statement by the persons responsible for the Universal Registration Document	7.2
1.3	Statement by experts	—
1.4	Third party information	—
1.5	Statement of approval of the Universal Registration Document	—
<b>②</b>	<b>STATUTORY AUDITORS</b>	
	Statutory Auditors for the period covered by the historical financial information	7.3
<b>③</b>	<b>RISK FACTORS</b>	
	Provide a description of the material risks that are specific to the Company, in a limited number of categories, in a section headed "Risk factors"	3.1
<b>④</b>	<b>INFORMATION ABOUT THE ISSUER</b>	
4.1	Legal and commercial name of the Company	1.1.1
4.2	Place of registration of the Company, its registration number and legal entity identifier ('LEI')	1.1.4
4.3	Date of incorporation and length of life of the Company	1.1.5
4.4	Domicile and legal form of the Company, the legislation under which the Company operates, its country of incorporation, the address, telephone number of its registered office and website of the Company	1.1.2/1.1.3
<b>⑤</b>	<b>BUSINESS OVERVIEW</b>	
5.1	Principal activities	
	5.1.1 Description of the Company's operations and principal activities	1.4
	5.1.2 Significant new products and/or services that have been introduced	1.4
5.2	Principal markets	1.4/5.3 (see notes 5.1, 5.2 and 6 to the consolidated financial statements)
5.3	Important events in the development of the Company's business	1.4
5.4	Strategy and objectives	1.4
5.5	Extent (if any) to which the Company is dependent on patents or licences, industrial, commercial or financial contracts or new manufacturing processes	3.1.1.2/1.8.2
5.6	Basis for any statements made by the Company regarding its competitive position	1.4 (footnotes)

(1) Refers to chapter and section numbers of the Universal Registration Document.



**Information****Section no. <sup>(1)</sup>**

<b>5.7</b>	<b>Investments</b>	
5.7.1	Material investments of the Company for each financial year for the period covered by the historical financial information up to the date on which the Universal Registration Document was filed	1.7/1.8.1
5.7.2	Material investments of the Company that are in progress or for which firm commitments have already been made, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external)	1.7/1.8 and 5.3 (see note 5.2 to the consolidated financial statements)
5.7.3	Joint ventures and undertakings in which the Company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses	—
5.7.4	Environmental issues that may affect the Company's utilisation of its property, plant and equipment	1.9

**6****ORGANISATIONAL STRUCTURE**

6.1	Brief description of the Group and the Company's position within the Group	1.3
6.2	List of the Company's significant subsidiaries	1.3

**7****OPERATING AND FINANCIAL REVIEW****5.2**

<b>7.1</b>	<b>Financial position</b>	
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	5.2.1/5.2.2
7.2.1	Significant factors materially affecting the Company's income from operations	5.2.1/5.2.2
7.2.2	Explanation of changes in sales or revenues	5.2.1/5.2.2

**8****CAPITAL RESOURCES**

8.1	Information concerning capital resources	5.3 (see note 26.6 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 29 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 27 to the consolidated financial statements)
8.5	Anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	1.8.2

(1) Refers to chapter and section numbers of the Universal Registration Document.

## Information

Section no.<sup>(1)</sup>

<b>9</b>	<b>REGULATORY ENVIRONMENT</b>	
9.1	Regulatory environment that the Company operates in and that may materially affect its business – Any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Company's operations	1.5
<b>10</b>	<b>TREND INFORMATION</b>	
10.1	Provide a description of: a) the most significant recent trends affecting the business since the end of the last financial year b) any major change in the financial performance of the Group since the end of the last financial period, or provide an appropriate negative statement	6.1
10.2	Known trends, uncertainties, constraint, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year	6.1.3
<b>11</b>	<b>PROFIT FORECASTS OR ESTIMATES</b>	
11.1	Any published profit forecast or profit estimate (which is still outstanding and valid) If a profit forecast or profit estimate has been published and is still outstanding, but no longer valid, provide a statement to that effect	6.3
11.2	This new profit forecast or estimate shall be clear and unambiguous and contain a statement setting out the principal assumptions upon which the Company has based its forecast or estimate	–
11.3	Statement that the profit forecast or estimate has been compiled and prepared on a basis which is both: a) comparable with the historical financial information b) consistent with the Company's accounting policies	–
<b>12</b>	<b>ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT</b>	
12.1	Information on members of the administrative, management or supervisory bodies	2.2/2.3.1/2.6/2.7 and 2.8
12.2	Conflicts of interests and/or other duties Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 12.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management Details of any restrictions agreed by the persons referred to in item 12.1 on the disposal within a certain period of time of their holdings in the Company's securities	2.6
<b>13</b>	<b>REMUNERATION AND BENEFITS</b>	
13.1	Remuneration of senior managers and members of the Supervisory Board	2.4/2.5
13.2	Provisions for pension, retirement or similar benefits	2.4/2.5
<b>14</b>	<b>BOARD PRACTICES</b>	
14.1	Date of expiry of the current term of office	2.2/2.3.1
14.2	Service contracts	2.6/2.8
14.3	Information about the Company's Audit Committee and Remuneration Committee	2.3.4 A and C
14.4	Compliance with the corporate governance regime(s) applicable to the Company	2.3.6
14.5	Potential material impacts on corporate governance, including future changes in the composition of the Board and the Board Committees	2.3.1 C

(1) Refers to chapter and section numbers of the Universal Registration Document.

**Information****Section no. <sup>(1)</sup>**

<b>15</b>	<b>EMPLOYEES</b>	
15.1	Number of employees: breakdown of persons employed by main category of activity and geographic location; temporary employees	4.1/4.4.1
15.2	Shareholdings and stock options With respect to each person referred to in points a) and d) of the first sub-paragraph of item 12.1, provide information as to their share ownership and any options over such shares in the Company as of the most recent practicable date	2.2/2.3.1/2.6.5/2.9.8.1
15.3	Arrangements for involving employees in the Company's capital	2.9.9/4.3.1.1
<b>16</b>	<b>MAJOR SHAREHOLDERS</b>	
16.1	Notifiable shareholdings	2.9.8
16.2	Voting rights of major shareholders	2.9.8
16.3	Control of the Company: nature of such control	2.9.8
16.4	Arrangements, the operation of which may result in a change in control of the Company	–
<b>17</b>	<b>RELATED PARTY TRANSACTIONS</b>	
17.1	Details of related-party transactions	2.8/5.3 (see note 35 to the consolidated financial statements)
<b>18</b>	<b>FINANCIAL INFORMATION CONCERNING THE COMPANY'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES</b>	
18.1	Historical financial information	1.6/5.1.1/5.3 (note 39) and 5.5
18.2	Interim and other financial information	
18.3	Auditing of historical annual financial information	
18.3.1	Auditing of historical annual financial information	5.6/5.7
18.3.2	Other information audited by the Statutory Auditors	5.8/7.2
18.3.3	Financial information not taken from the Company's audited financial statements	–
18.4	Pro forma financial information	–
18.5	Dividend policy	5.1
18.5.1	Description of the Company's policy on dividend distributions and any restrictions thereon	5.1.2
18.5.2	Amount of the dividend per share adjusted, where the number of shares in the Company has changed, to make it comparable	5.1.1
18.6	Legal and arbitration proceedings (last twelve months)	3.1.2.2
18.7	Significant change in the Company's financial position which has occurred since the end of the last financial period	6.1.2

(1) Refers to chapter and section numbers of the Universal Registration Document.

## Information

Section no.<sup>(1)</sup>

<b>19</b>	<b>ADDITIONAL INFORMATION</b>	
19.1	Share capital	2.9
19.1.1	Authorised capital, subscribed capital	2.9.1/2.9.4
19.1.2	Shares not representing capital	-
19.1.3	Shares in the Company held by the Company itself or by its subsidiaries	2.9.2
19.1.4	Convertible securities, exchangeable securities or securities with warrants attached	2.9.3
19.1.5	Terms of any acquisition rights and/or obligations over authorised but unissued capital, or an undertaking to increase the capital	-
19.1.6	Any capital of any member of the Group which is under option	2.9.8
19.1.7	A history of share capital	2.9.1
19.2	Memorandum and Articles of Association	2.10
19.2.1	Corporate purpose	2.10.1
19.2.2	Rights, preferences and restrictions attached to each class of the existing shares	2.10.4/2.10.6
19.2.3	Provisions of the Company's Articles of Association, charters or rules that would have an effect of delaying, deferring or preventing a change in control of the Company	2.10.2/2.10.3/2.10.4 and 2.10.7
<b>20</b>	<b>MATERIAL CONTRACTS</b>	
20.1	Material contracts (other than contracts entered into in the ordinary course of business) for the last two years	1.8
<b>21</b>	<b>DOCUMENTS AVAILABLE</b>	7.4

(1) Refers to chapter and section numbers of the Universal Registration Document.

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# Lagardère

**Document prepared by the Corporate Communications Department**

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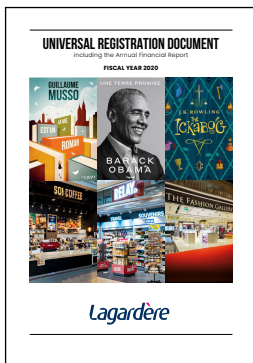
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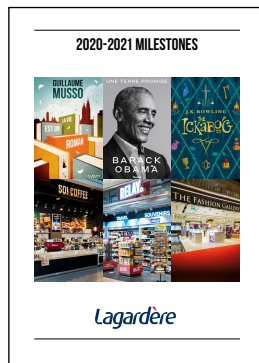


## CSR at Lagardère in 2020-2021



## Universal Registration Document

including the  
Annual Financial Report  
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## 2020-2021 Milestones

Corporate Brochure

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[www.lagardere.com](http://www.lagardere.com)

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