Lagardère group continues on the path to recovery despite an uncertain Covid context and improves profitability and cash generation. This demonstrates the pertinence of its strategic model based on complementary businesses and operational efficiency.

Record performance by Lagardère Publishing: revenue up 18.7%¹ and decade-high recurring EBIT of €110 million.

Exceptional flow-through ratio² of 12.2% for Lagardère Travel Retail on the back of considerable cost-cutting efforts and tailwinds in the United States and China.

Stable net debt³ thanks to disciplined cash management at Group level.

Key figures

In the first half of 2021, Group revenue totalled €2,076 million, up 5% on a like-for-like basis.

Group recurring EBIT in the first half of the year totalled €3 million, up sharply by €221 million compared to a negative €218 million in first-half 2020.


The Group reported a loss before finance costs and tax of €117 million in first-half 2021 (loss of €397 million in first-half 2020), including non-recurring/non-operating items for a net negative amount of €61 million.

The loss – Group share was €171 million, versus a loss – Group share of €422 million in first-half 2020.

For the six months to 30 June 2021, the Group’s free cash flow excluding changes in working capital improved sharply, amounting to an outflow of €12 million compared to an outflow of €242 million for the six months to end-June 2020.

Changes in working capital were favourable at €88 million for the six months to end-June 2021, versus a negative €269 million in the first half of 2020.

Net debt was stable at €1,716 million at 30 June 2021, compared to €1,733 million at 31 December 2020.

¹ Versus the first half of 2020 on a like-for-like basis.
² Negative impact on recurring EBIT of the decrease in H1 2021 revenue versus H1 2019 – see Glossary.
³ Versus 31 December 2020.
On 26 July 2021, the Board of Directors met to approve the interim consolidated financial statements. The Statutory Auditors issued their limited review report today.

I. **REVENUE AND RECURRING EBIT**

**REVENUE**

Revenue for the Lagardère group came in at €2,076 million for first-half 2021, edging down 0.6% on a consolidated basis and up 5.0% like for like. The difference between consolidated and like-for-like data is essentially attributable to a €59 million unfavourable currency impact, mainly in connection with the US dollar. The €55 million negative scope effect relates to the acquisitions of Laurence King Publishing and Le Livre Scolaire, which did not fully offset the impact of disposals at Lagardère Studios.

<table>
<thead>
<tr>
<th></th>
<th>Revenue (€m)</th>
<th>Change vs. 2020 (%)</th>
<th>Change vs. 2019 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First-half 2020</td>
<td>First-half 2021</td>
<td>reported</td>
</tr>
<tr>
<td>Lagardère Publishing</td>
<td>971</td>
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<tr>
<td>Lagardère Travel Retail</td>
<td>947</td>
<td>831</td>
<td>-12.3</td>
</tr>
<tr>
<td>Other Activities*</td>
<td>107</td>
<td>115</td>
<td>+7.5</td>
</tr>
<tr>
<td><strong>Target scope</strong></td>
<td><strong>2,025</strong></td>
<td><strong>2,076</strong></td>
<td><strong>+2.5</strong></td>
</tr>
<tr>
<td>Non-retained scope**</td>
<td>63</td>
<td>-</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>LAGARDÈRE</strong></td>
<td><strong>2,088</strong></td>
<td><strong>2,076</strong></td>
<td><strong>-0.6</strong></td>
</tr>
</tbody>
</table>

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

**GROUP RECURRING EBIT**

Group recurring EBIT totalled €3 million, an improvement of €221 million on first-half 2020, and was also €3 million for the target scope, up €220 million on first-half 2020.

<table>
<thead>
<tr>
<th></th>
<th>Group recurring EBIT (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First-half 2020</td>
</tr>
<tr>
<td>Lagardère Publishing</td>
<td>27</td>
</tr>
<tr>
<td>Lagardère Travel Retail</td>
<td>(209)</td>
</tr>
<tr>
<td>Other Activities*</td>
<td>(35)</td>
</tr>
<tr>
<td><strong>Target scope</strong></td>
<td>(217)</td>
</tr>
<tr>
<td>Non-retained scope**</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>LAGARDÈRE</strong></td>
<td>(218)</td>
</tr>
</tbody>
</table>

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

- **Lagardère Publishing**

**Revenue**

First-half 2021 revenue totalled €1,130 million for the division, up 16.4% as reported and up 18.7% like for like. The difference between reported and like-for-like data is attributable to an €8 million positive scope effect linked to the acquisitions of Le Livre Scolaire and Laurence King Publishing, and to a €30 million negative currency impact resulting chiefly from the depreciation of the US dollar.

After recording robust like-for-like growth of 13.9% in the first quarter of 2021, growth surged by 22.9% in the second quarter compared to the same prior-year period, against a favourable comparison basis.
The first-half 2021 figures below are presented on a like-for-like basis.

In France, revenue for the division leapt by 26.9% during the first six months of the year. The heightened appeal of reading for consumers during the pandemic benefited Illustrated Books (especially Lifestyle and Youth Works) and General Literature in particular. Distribution of third-party publishers also recorded growth amid a favourable environment buoyed in particular by graphic novels.

In the United Kingdom, the 17.3% jump in revenue was driven by front and backlist success in the Adult Trade segment, as well as by Youth Works.

In the United States, 14.8% revenue growth reflects a favourable release schedule and good backlist momentum in Youth Works.

In Spain/Latin America, revenue contracted by 4.5% due to a fall in sales in Mexico, which was partly offset by good momentum in the Trade segment in Spain.

Revenue from sales of Partworks jumped 19.1%, thanks to growth in backlist collections in France and Japan and a denser release schedule in the first half of 2021.

In the first half of 2021, consumer demand for digital formats was sustained across the various geographic areas, despite an unfavourable comparison basis due to the lockdowns in the first half of 2020. E-books accounted for 8.2% of total Lagardère Publishing revenue, versus 10.6% in first-half 2020, while digital audio books represented 4.2% of revenue versus 5.3% in the first half of 2020.

Recurring EBIT

Lagardère Publishing reported €110 million in recurring EBIT, up sharply by €83 million on first-half 2020. Growth in recurring EBIT was driven by brisk business momentum, a still-high proportion of e-commerce sales and a favourable format mix. The division is also pressing ahead with the cost cutting measures initially deployed in 2020.

- Lagardère Travel Retail

Revenue

First-half 2021 revenue totalled €831 million for the division, down 12.3% as reported and down 9.2% like-for-like. The difference between reported and like-for-like revenue was attributable to a €29 million negative currency effect.

After a like-for-like decrease of 56.1% in the first quarter of 2021, Lagardère Travel Retail posted growth of 253% in the second quarter due to the favourable comparison basis following the strict lockdowns in the second quarter of 2020.

The first-half 2021 figures below are presented on a like-for-like basis.

In France, Lagardère Travel Retail recorded a 22.0% decline in activity, due to travel restrictions that remained in place in the first half of 2021 and lacklustre international air traffic.

The EMEA region (excluding France) was down 28.5%, due to travel restrictions. As a result, countries with strong domestic networks, especially rail stations (Romania, Czech Republic, Bulgaria) were less affected by the decline in activity.

North America recorded revenue growth of 14.9% for the first half of the year, with the performance driven by the sustained recovery of domestic flights in the United States starting in the second quarter of 2021.

Asia-Pacific revenue was up 24.8%. The Pacific region saw a sharp decline in sales due to border closures, while China recorded revenue growth of 90%, driven by network expansion and the favourable comparison basis with first-quarter 2020.

Recurring EBIT

Lagardère Travel Retail reported a negative €96 million in recurring EBIT, an improvement of €113 million on first-half 2020. This represents a flow-through ratio (impact of the decrease in revenue on recurring EBIT) of 12.2% compared to 2019 as reported, reflecting strong cost discipline over the period.

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4 Mainland China and Hong Kong.
Costs were slashed by €999 million in the first half of 2021 compared to first-half 2019, including a €320 million decrease in fixed costs – mainly through renegotiating terms on concessions, adapting point-of-sale operations in line with air traffic levels, adjusting payroll costs and cutting other general overhead costs.

Other Activities

Revenue

First-half 2021 revenue totalled €115 million, up 7.5% as reported and up 7.9% like for like compared to the six months ended 30 June 2020.

Lagardère News sales were up 11%. Revenue growth in the Press (6%) and Radio (15%) segments was driven by advertising and the performance of Lagardère Publicité News, the unit’s advertising brokerage, which was more favourable than during the strict lockdown in the first half of 2020. Licensing activities (growth of 8%) also benefited from the easing of restrictions in various countries.

Recurring EBIT

Other Activities posted negative recurring EBIT of €11 million in the first half of the year, a €24 million year-on-year improvement that was mainly attributable to the more favourable business environment and cost cutting measures still in place.

II. MAIN INCOME STATEMENT ITEMS

<table>
<thead>
<tr>
<th>€m</th>
<th>First-half 2020*</th>
<th>First-half 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,088</td>
<td>2,076</td>
</tr>
<tr>
<td>Group recurring EBIT</td>
<td>(218)</td>
<td>3</td>
</tr>
<tr>
<td>Income (loss) from equity-accounted companies**</td>
<td>(23)</td>
<td>(22)</td>
</tr>
<tr>
<td>Non-recurring/non-operating items</td>
<td>(139)</td>
<td>(61)</td>
</tr>
<tr>
<td>Impact of IFRS 16 on concession agreements</td>
<td>(17)</td>
<td>(37)</td>
</tr>
<tr>
<td>Profit (loss) before finance costs and tax</td>
<td>(397)</td>
<td>(117)</td>
</tr>
<tr>
<td>Finance costs, net</td>
<td>(41)</td>
<td>(25)</td>
</tr>
<tr>
<td>Interest expense on lease liabilities</td>
<td>(39)</td>
<td>(32)</td>
</tr>
<tr>
<td>Profit (loss) before tax</td>
<td>(477)</td>
<td>(174)</td>
</tr>
<tr>
<td>Income tax benefit (expense)</td>
<td>48</td>
<td>(3)</td>
</tr>
<tr>
<td>Profit (loss) from discontinued operations</td>
<td>(8)</td>
<td>5</td>
</tr>
<tr>
<td>Profit (loss) for the period</td>
<td>(437)</td>
<td>(172)</td>
</tr>
<tr>
<td>Minority interests</td>
<td>(15)</td>
<td>(1)</td>
</tr>
<tr>
<td>Profit (loss) – Group share</td>
<td>(422)</td>
<td>(171)</td>
</tr>
</tbody>
</table>

* Restated for the retrospective application of the first amendment to IFRS 16 – Covid-19-Related Rent Concessions.
** Before impairment losses.

The loss from equity-accounted companies (before impairment) came out at €22 million in first-half 2021, a slight improvement on first-half 2020. The equity-accounted entities in which Lagardère Travel Retail is a partner continue to be impacted by the health crisis, especially in France.

Non-recurring/non-operating items represented a net expense of €61 million, compared with a net expense of €139 million in 2020, and mainly included:

- a net €20 million gain on disposals, corresponding mainly to the sale of minority interests in Glénat and J’ai Lu at Lagardère Publishing;
- €26 million in restructuring costs, including €20 million for Other Activities in connection with the costs of converting Lagardère SCA into a joint-stock company, and reorganisation costs at Lagardère News;
- €6 million in impairment losses against property, plant and equipment and intangible assets, attributable to the closure of points of sale at Lagardère Travel Retail; and
- €49 million in amortisation of intangible assets and costs attributable to acquisitions and disposals, including €46 million for Lagardère Travel Retail, mainly relating to concession agreements in North America.
The impact of applying IFRS 16 to concession agreements at Lagardère Travel Retail (including gains and losses on leases) was a negative €37 million. This excludes a portion of the fixed rent reductions negotiated in the first half, which were recorded in recurring EBIT. These rent reductions are recognised as a deduction from the corresponding right-of-use asset in accordance with IFRS 16, pending adoption by the European Union of the second amendment to the standard that will be effective by the end of 2021 and will permit reductions to be recognised in revenue for accounting purposes.

Net finance costs amounted to €25 million for first-half 2021, versus €41 million one year earlier, with the improvement attributable to non-recurring income recognised in connection with financial assets in the first half of 2021, and to prior-year impairment charges at Lagardère Travel Retail that did not recur in the first six months of 2021. The decrease in net finance costs was achieved despite the increase in the cost of debt further to the refinancing transactions at the end of 2020.

Interest expense on lease liabilities amounted to €32 million in the first half of 2021, coming in lower than in first-half 2020 due to the decrease in IFRS 16 lease liabilities.

Lagardère recorded income tax expense of €3 million for the six months to 30 June 2021. In the first half of 2020, the income tax benefit came to €48 million, and primarily reflected deferred tax income arising on tax losses for the period and impairment losses against concession agreements.

Profit from discontinued operations came to €5 million for the first six months of the year, versus a loss of €8 million one year earlier that included earnings generated by Lagardère Sports up to its sale in April 2020, along with the corresponding disposal gains and losses. In first-half 2021, the €5-million figure includes changes in provisions for vendor warranties and the remaining balance of costs related to the sale.

Taking account of all these items, the loss for the period came out at €172 million, including a loss of €171 million attributable to the Group.

The loss attributable to minority interests was €1 million in the first half of 2021, versus a loss of €15 million in the first half of 2020, reflecting a lower level of losses at Lagardère Travel Retail in particular.

ADJUSTED PROFIT (LOSS) – GROUP SHARE

Adjusted profit (loss) – Group share (excluding non-recurring/non-operating items) represented a loss of €86 million, versus a loss of €276 million in first-half 2020.

<table>
<thead>
<tr>
<th>(£m)</th>
<th>First-half 2020*</th>
<th>First-half 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (loss) for the period</td>
<td>(437)</td>
<td>(172)</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>12</td>
<td>26</td>
</tr>
<tr>
<td>Gains/losses on disposals</td>
<td>8</td>
<td>(20)</td>
</tr>
<tr>
<td>Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies</td>
<td>63</td>
<td>6</td>
</tr>
<tr>
<td>Amortisation of acquisition-related intangible assets and other acquisition-related expenses</td>
<td>56</td>
<td>49</td>
</tr>
<tr>
<td>Impact of IFRS 16 on concession agreements</td>
<td>47</td>
<td>62</td>
</tr>
<tr>
<td>Tax effects on the above items</td>
<td>(39)</td>
<td>(28)</td>
</tr>
<tr>
<td>Profit (loss) from discontinued operations</td>
<td>8</td>
<td>(5)</td>
</tr>
<tr>
<td>Adjusted profit (loss)</td>
<td>(282)</td>
<td>(82)</td>
</tr>
<tr>
<td>o/w attributable to minority interests</td>
<td>6</td>
<td>(4)</td>
</tr>
<tr>
<td>Adjusted profit (loss) – Group share**</td>
<td>(276)</td>
<td>(86)</td>
</tr>
</tbody>
</table>

* Restated for the retrospective application of the first amendment to IFRS 16 – Covid-19-Related Rent Concessions.
** Alternative performance measure, see definition at the end of the press release.
### CASH FLOW FROM (USED IN) OPERATIONS AND INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th>(€m)</th>
<th>First-half 2020</th>
<th>First-half 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from (used in) operations before changes in working capital and income taxes paid</td>
<td>(138)</td>
<td>38</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>(269)</td>
<td>88</td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>(15)</td>
<td>(11)</td>
</tr>
<tr>
<td>Cash flow from (used in) operations</td>
<td>(422)</td>
<td>115</td>
</tr>
<tr>
<td>Purchases/disposals of property, plant and equipment and intangible assets</td>
<td>(89)</td>
<td>(38)</td>
</tr>
<tr>
<td>Free cash flow*</td>
<td>(511)</td>
<td>77</td>
</tr>
<tr>
<td>o/w free cash flow excluding changes in working capital*</td>
<td>(242)</td>
<td>(12)</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(14)</td>
<td>(39)</td>
</tr>
<tr>
<td>Disposals of investments</td>
<td>30</td>
<td>69</td>
</tr>
<tr>
<td>Cash flow from (used in) operations and investing activities</td>
<td>(495)</td>
<td>107</td>
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</tbody>
</table>

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

Cash flow from operations before changes in working capital and income taxes paid amounted to €38 million, versus cash flow used of €138 million in first-half 2020. This improvement resulted primarily from the gradual business recovery at Lagardère Travel Retail (positive €93 million impact) and the strong performance by Lagardère Publishing (positive €80 million impact).

Changes in working capital represented an inflow of €88 million, compared to an outflow of €269 million in first-half 2020. The improvement in working capital stems mainly from Lagardère Travel Retail (€323 million impact), due to the favourable comparison basis (with the business shutdown having a negative impact on trade payables and inventories in the prior-year period) and the build-up of working capital in the first half of 2021 further to the gradual business recovery and the Group’s working capital action plans. At Lagardère Publishing, the €76 million improvement was attributable to very high levels of trade payables as a result of business growth, whereas trade receivables remained at disciplined levels.

Income taxes paid represented an outflow of €11 million, down slightly on the outflow of €15 million recorded in the first half of 2020.

Purchases of property, plant and equipment and intangible assets represented a net outflow of €38 million – a significant €51 million saving compared to the first half of 2020 – and notably concern Lagardère Travel Retail (positive €46 million impact) due to continued highly-disciplined cost control and postponements of projects in light of the uncertain environment.

The Group’s free cash flow amounted to an inflow of €77 million in first-half 2021 versus an outflow of €511 million in first-half 2020. This sharp improvement is mainly the result of the more favourable business environment and working capital dynamic over the period.

Purchases of investments represented a cash outflow of €39 million in first-half 2021, and relate mainly to the June acquisition of Hiboutatillis in France by Lagardère Publishing, and to a guarantee deposit at Other Activities. Disposals of investments represented an inflow of €69 million in first-half 2021, including the collection of the balance of the vendor loan granted in connection with the AFC on the disposal of Lagardère Sports, and the sale of J’ai Lu by Lagardère Publishing.

In all, operations and investing activities represented a net cash inflow of €107 million in first-half 2021, compared with a net cash outflow of €495 million in the prior-year period.

### LIQUIDITY

The Group’s liquidity position remains solid, with €1,970 million in available liquidity (available cash and short-term investments reported on the balance sheet totalling €888 million and an undrawn amount on the revolving credit facility of €1,102 million). The covenants of the revolving credit facility were therefore met at 30 June 2021.
The Group considers that it has sufficient liquidity to cover its financing requirements over the next twelve months, both as regards funding operations and reimbursing the €522 million in debt falling due (including €372 million in commercial paper at 30 June 2021), based on a conservative scenario factoring in for Lagardère Travel Retail IATA forecasts as of 26 May 2021 of 52% of 2019 passenger traffic in 2021 and 88% in 2022.

Net debt was down slightly at €1,716 million at 30 June 2021, compared to €1,733 million at 31 December 2020. As planned, the two bilateral credit facilities for a total of €150 million were repaid in June 2021.

V. KEY EVENTS SINCE 27 APRIL 2021

Conversion of the Company into a joint-stock company

On 28 April 2021, Lagardère SCA announced its intention to submit the conversion of Lagardère SCA into a joint-stock company with a board of directors to the 30 June 2021 General Meeting.

On 30 June 2021, the general meetings of the General Partners and the shareholders of the Company, after noting the fulfilment of the conditions precedent to which the proposal was subject, namely (i) the approval of the general meetings of the bondholders obtained on 17 May 2021, and (ii) the French financial markets authority’s (Autorité des marchés financiers – AMF) decision to grant an exemption from a tender offer, cleared of any appeals, on 21 May 2021, approved the conversion of the Company into a joint-stock company with a board of directors, and the allocation to the General Partners, in equal proportions, of ten million new shares to compensate for the loss of their financial and non-financial rights, corresponding to approximately 7.63% of the Company’s share capital prior to the issuance of the shares, and approximately 7.09% of the share capital post-issuance.

The Company therefore adopted the form of a joint-stock company with a board of directors and its corporate name was changed accordingly to “Lagardère SA” with effect from 30 June 2021.

Following the General Meeting, the newly-elected Board of Directors, comprising Virginie Banet (independent director), Valérie Bernis (independent director), Laura Carrere (independent director), Fatima Fikree, Noëlle Genaivre and Pascal Jouen (the two directors representing employees), Arnaud Lagardère, Véronique Morali (independent director), Joseph Oughourlian, Arnaud de Puyfontaine, Nicolas Sarkozy (independent director) and Pierre Leroy (Board Advisor), met to set up the new governance arrangements for the Company.

The Board decided that the general management of the Company would be conducted by the Chairman of the Board of Directors, and to that effect appointed Arnaud Lagardère as Chairman and Chief Executive Officer for his six-year term of office as director. The Board also appointed Pierre Leroy as Deputy Chief Executive Officer for the same term.

In addition, the Board of Directors adopted its internal rules of procedure and appointed the members of the Audit Committee and of the Appointments, Remuneration and CSR Committee.

The members of the Audit Committee are Véronique Morali (Chair), Virginie Banet, Valérie Bernis and Fatima Fikree. The members of the Appointments, Remuneration and CSR Committee are Virginie Banet (Chair), Laura Carrere, Véronique Morali and Nicolas Sarkozy.

VI. OUTLOOK

The health crisis has had contrasting effects on Lagardère Publishing and Lagardère Travel Retail. For full-year 2021, the environment remains uncertain in light of the various emerging Covid-19 variants. Lagardère is pressing ahead with its Group-wide cost cutting and cash control efforts.

- Lagardère Publishing

In the context of the health crisis, the increased appeal of reading has boosted sales. The Group believes that demand will normalise as more people attend leisure and entertainment venues in 2021. The absence of curriculum reform in 2021 will counter the positive impacts of the release of the new Asterix album in the fourth quarter of 2021.

Lagardère Publishing’s profitability is driven by the favourable mix in the current environment, and Lagardère Publishing therefore expects operating margin\(^5\) for 2021 to be slightly above 10%.

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\(^5\) Lagardère Publishing Recurring EBIT divided by Lagardère Publishing revenue: see Glossary.
● Lagardère Travel Retail

Trading at Lagardère Travel Retail closely mirrors trends in air passenger traffic in the different regions. Given the division’s diverse locations and segments, it is able to benefit from the gradual recovery in air traffic in the United States in particular, in a context that remains uncertain.

In 2021, the division will press ahead with its earnings protection initiatives launched in 2020, enabling Lagardère Travel Retail to minimise flow through in 2021 to within a range of 15% to 20%.

Lagardère Travel Retail is also actively continuing efforts to control cash, especially as regards working capital and capital expenditure in 2021.

VII. INVESTOR CALENDAR

- Third-quarter 2021 revenue: Thursday, 28 October 2021 before market opening

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VIII. APPENDICES

SECOND-QUARTER 2021 REVENUE

<table>
<thead>
<tr>
<th>€m</th>
<th>Second-quarter 2020</th>
<th>Second-quarter 2021</th>
<th>reported</th>
<th>like for like</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lagardère Publishing</td>
<td>514</td>
<td>621</td>
<td>+20.7</td>
<td>+22.9</td>
</tr>
<tr>
<td>Lagardère Travel Retail</td>
<td>143</td>
<td>490</td>
<td>+242.7</td>
<td>+253.0</td>
</tr>
<tr>
<td>Other Activities*</td>
<td>47</td>
<td>60</td>
<td>+27.7</td>
<td>+31.8</td>
</tr>
<tr>
<td>Target scope</td>
<td>704</td>
<td>1,171</td>
<td>+66.4</td>
<td>+70.6</td>
</tr>
<tr>
<td>Non-retained scope**</td>
<td>23</td>
<td>-</td>
<td>-100.0</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>LAGARDÈRE</strong></td>
<td>727</td>
<td>1,171</td>
<td>+60.9</td>
<td>+70.6</td>
</tr>
</tbody>
</table>

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

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CHANGES IN SCOPE OF CONSOLIDATION AND EXCHANGE RATES

First-half 2021:

The difference between reported and like-for-like revenue data is attributable to a €59 million unfavourable currency impact linked to the depreciation of the US dollar and to a €55 million negative scope effect, breaking down as:

- a €65 million negative scope impact from disposals, mainly concerning Lagardère Studios;
- external growth transactions, representing €10 million at Lagardère Publishing further to the acquisition of Laurence King Publishing and Le Livre Scolaire.

6 Negative impact on recurring EBIT of the decrease in 2021 revenue versus 2019.
7 Date susceptible to change.
IX. GLOSSARY

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

➢ Like-for-like revenue
Like-for-like revenue is used by the Group to analyse revenue trends excluding the impact of changes in the scope of consolidation and in exchange rates.

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

The scope of consolidation comprises all fully-consolidated entities. Additions to the scope of consolidation correspond to business combinations (acquired investments and businesses), and deconsolidations correspond to entities over which the Group has relinquished control (full or partial disposals of investments and businesses, such that the entities concerned are no longer included in the Group’s financial statements using the full consolidation method). The difference between reported and like-for-like figures is explained in section VIII – Appendices of this press release.

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

Profit (loss) before finance costs and tax
Excluding:
- Income (loss) from equity-accounted companies before impairment losses
- Gains (losses) on disposals of assets
- Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies
- Net restructuring costs
- Items related to business combinations:
  - Acquisition-related expenses
  - Gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
  - Amortisation of acquisition-related intangible assets
- Specific major disputes unrelated to the Group’s operating performance
- Items related to leases and finance sub-leases:
  - Cancellation of fixed rental expense* on concession agreements
  - Depreciation of right-of-use assets on concession agreements
  - Gains and losses on leases

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

The reconciliation between recurring operating profit of fully consolidated companies (Group recurring EBIT) and profit before finance costs and tax is set out in the 2021 interim results presentation, on slide 30.

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

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

➢ Recurring EBITDA over a rolling 12-month period
Recurring EBITDA is calculated as recurring operating profit of fully consolidated companies (Group recurring EBIT) plus dividends received from equity-accounted companies, less depreciation and amortisation charged against property, plant and equipment and intangible assets, amortisation of the cost of obtaining contracts, and the cancellation of fixed rental expense** on property and other leases, plus recurring EBITDA from discontinued operations.

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

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

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

**Profit (loss) for the period**

Excluding:

- Gains (losses) on disposals of assets
- Impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies
- Net restructuring costs
- Items related to business combinations:
  - Acquisition-related expenses
  - Gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control
  - Amortisation of acquisition-related intangible assets
- Specific major disputes unrelated to the Group’s operating performance
- Tax effects of the above items
- Non-recurring changes in deferred taxes
- Items related to leases and finance sub-leases:
  - Cancellation of fixed rental expense*** on concession agreements
  - Depreciation of right-of-use assets on concession agreements
  - Interest expense on lease liabilities under concession agreements
  - Gains and losses on leases
- Adjusted profit attributable to minority interests: profit attributable to minority interests adjusted for minorities’ share in the above items

\[ \text{Adjusted profit} = \text{Adjusted profit (loss) – Group share} \]

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

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

- **Free cash flow**

  Free cash flow is calculated as cash flow from operations before changes in working capital, the repayment of lease liabilities and related interest paid, changes in working capital and interest paid plus net cash flow relating to acquisitions and disposals of property, plant and equipment and intangible assets.

The reconciliation between cash flow from operations and free cash flow is set out in section III - Other financial information of this press release.

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

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

- **Net debt**

  Net debt is calculated as the sum of the following items:

  - Short-term investments and cash and cash equivalents
  - Financial instruments designated as hedges of debt
  - Non-current debt
  - Current debt

\[ \text{Net debt} = \text{Net debt} \]

The reconciliation between balance sheet items and net debt is set out in the first-half 2021 results presentation, on slide 35.
A live webcast of the presentation of the first-half 2021 results will be available today at 6:00 p.m. (CET) on the Group’s website (www.lagardere.com).

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

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

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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.
In 2018, the Group launched its strategic refocusing around two priority divisions: Lagardère Publishing (Book and e-Publishing, Mobile and Board games) and Lagardère Travel Retail (Travel Essentials, Duty Free & Fashion, Foodservice).
The Group’s operating assets also include Lagardère News and Lagardère Live Entertainment.
Lagardère shares are listed on Euronext Paris.

www.lagardere.com

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

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