PUBLICIS GROUPE

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2023

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This is a free translation into English of the Publicis Groupe 2023 Half-year financial report issued in the French language and is provided solely for the convenience of English speaking readers. In case of discrepancy the French version prevails.

MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD

Arthur Sadoun
Chairman of the Management Board

The first half of the year has been strong for Publicis.

In Q2, we continue to outperform the market on organic growth thanks to our unique revenue mix and new business track record with +7.1%, ahead of expectations after double-digit growth in 2022.

We delivered the best financial KPIs in the industry in H1 thanks to our platform organization, with operating margin at 17.3%, in line with the historically high level of 2022.

As we shifted from a communication to a transformation partner for our clients, we are confirming that we have become a stronger company since 2019 with our net revenue up +45% on a reported basis and our operating margin up +68% over this period.

With our investments in Epsilon, powering Creative and Media through personalization at scale, Sapient and Marcel, we are uniquely positioned to lead the future of our industry. It will inevitably be shaped by data, tech and AI that are already at the heart of our business model both in how we work for our clients and in the way we operate.

But Publicis is not only future-proof. It is also more resilient to business cycles, allowing us to upgrade our guidance on all KPIs for the year despite persistent macroeconomic uncertainty. We now expect to deliver organic growth at circa +5% for 2023, above our 3Y CAGR of +4%, with operating margin rate close to 18%.

I would like to sincerely thank our clients for their continued trust and all our talents for their dedication throughout the last months.

CHAPTER

1 INTERIM MANAGEMENT REPORT

Publicis Groupe's Supervisory Board met on July 19, 2023, under the Chairmanship of Maurice Lévy, to examine the half-yearly accounts at June 30, 2023, presented by Arthur Sadoun, Chairman of the Management Board and Chief Executive Officer.

1.1 KEY FIGURES

In euro million except per-share data and percentages	H1 2023	H1 2022	2023 vs. 2022
Data from the Income and Cash-Flow Statements			
Net revenue	6,318	5,873	+7.6%
Pass-through revenue	787	674	+16.8%
Revenue	7,105	6,547	+8.5%
EBITDA	1,335	1,287	+3.7%
% of Net revenue	*21.1%*	*21.9%*	*-80bp*
Operating margin	1,093	1,018	+7.4%
% of Net revenue	*17.3%*	*17.3%*	-
Operating income	843	761	+10.8%
Net income attributable to the Group	623	537	+16.0%
Earnings Per Share (EPS)	2.48	2.15	+15.3%
Headline diluted EPS(1)	3.21	2.88	+11.3%
Free Cash Flow before change in working capital requirements	725	708	+2.4%

In euro million Data from the Balance sheet	June 30, 2023	Dec. 31, 2022
Total assets	33,700	35,898
Groupe share of Shareholders' equity	9,188	9,635
Net debt (net cash)	226	(634)

(1) Net income attributable to the Groupe, after elimination of impairment charges, costs related to the real estate restructuring plan, amortization of intangibles arising on acquisitions, the main capital gains (or losses) on disposals, change in the fair value of financial assets, the revaluation of earn-out costs, divided by the average number of shares on a diluted basis.

1.2 MACROECONOMIC ENVIRONMENT

The global economic climate continued to deteriorate in the second quarter of 2023, mainly due to the following factors:

- persisting inflation prompting the continuation of restrictive monetary policies amid a stagnant economy;
- sustained high oil prices in relation to the overall economic climate (increasing production declines confirmed);
- exacerbation of the "trade war" between the USA and China (restricted exports of products deemed sensitive), which partly explains the sluggishness of China's economic recovery.

In the **United States**, where measuring the economic climate is complex and may give rise to contradictory indicators, **the gradual slowdown is however confirmed**. Quarterly GDP growth forecasts fall from 2% for Q1 (initial estimate recently revised sharply upwards) to 1.3% for Q2 and 0.5% for Q3.

The performance of the US economy is clearly underpinned by the resilience of the labor market: 294,000 jobs were created in April and 339,000 in May, illustrating continuing strong momentum. The strength of the labor market is mainly due to the decline in productivity in 2023. Consumption remains favorable and is expected to remain so, as shown by the sharp rise in consumer confidence (Conference Board: 109.7 in June after 102.5 in May). Likewise, new housing construction projects remain buoyant (1.631m in May after 1.34m in April). On the other hand, among the key leading indicators, the ISM Manufacturing Index remains well below 50 (46 in June after 46.9 in May), reflecting an industrial recession in the USA. The US economy is held in check by the Fed's monetary policy aimed at curbing inflation (3.8% for the PCE index and 4.6% for the core CPE index), which remains well above the 2% targets. The time taken for interest rates to filter through the economy is estimated at one year: as the first Fed rate hike dates back to March 2022, the effects of scarcer and more expensive money began to be felt in Q2 2023.

In the **Euro zone**, **the slowdown is more noticeable**. The effects of China's reopening have been limited and the sustained high level of inflation (5.5% for the harmonized index) is affecting household purchasing power (non-automotive retail sales down 2.6% on a rolling 12-month basis at end April). Industry is shrinking: the Markit PMI fell from 44.8 in May to 43.4 in June, while the European Commission's economic sentiment indicator fell from 96.4 in May to 95.3 in June (99.6 in January 2023). As in the USA, since July 2022 the central bank has pursued a policy of interest rate hikes and monetary restrictions to curb inflation, which is higher than across the Atlantic.

The German economy has been hit hardest: H2 GDP is expected to shrink by 0.5% (down a further 0.4% in Q3). Poor figures in two confidence indices, the IFO Business Climate Index (88.5 *vs* 91.5) and the ZEW Economic Sentiment Index (-8.5), reflect a recession. In France, which is less exposed to exports to China, growth was less affected (0.2% in Q1 and Q2), as in Italy, whose GDP is expected to grow 1.9% in Q2 and 1.1% in Q3. Tourism is recovering in both countries and Italy is the first beneficiary of the NextGenerationEU grant program.

In the **UK**, **the economy has been at a standstill since Q1 2023** and is not expected to recover significantly before Q4 2024, according to Factset consensus economists. Retail sales were down 2.1% at end May (rolling 12-month by volume), impacted by persisting inflation above euro zone levels (CPI at 8.7%, and 8.3% excluding volatile components). The unemployment rate remains low and the strength of the labor market precludes further deterioration. The aftermath of Brexit seems to be the main cause of this economic morass, as well as the effects of the restrictive monetary policy pursued by the Bank of England, which recently raised its key lending rate to 5% (up by +0.5%).

In December, **China reopened its economy** to the rest of the world, thereby closing the chapter of the health crisis. This political decision prompted an upswing in growth from 2.9% in Q4 2022 to 4.5% in Q1 2023 and over 7% in Q2, according to consensus data. However, the Manufacturing PMI fell from 52.6 in February to 49 in June, reflecting a likely weakening of industrial sector economic conditions in the second half. The 7.5% decline in exports at end May combined with a 4.5% fall in imports reflects the decline in international trade against the backdrop of the current "trade war" with the USA. The ongoing economic recovery is mainly driven by internal consumption, with retail sales up 12.7% in May and over 18% in April.

Oil prices fell slightly but remain high in relation to the global economic slowdown at around dollar 75/barrel for Brent crude. Pressure on prices remains high due to production restrictions imposed by oil producing countries seeking to curb the price slump fueled by the current global economic situation.

1.3 GROUPE CSR POLICY

During the first half of 2023, Publicis Groupe continued its actions and innovated in its various priorities.

1 – **Diversity, Equity and Inclusion:**

The 4th edition of "**Pause for Action**" in the United States on June 27, 2023 brought together committed employees to take stock and work together on inclusion, diversity and social justice. The data published on the diversity of our teams in the United States shows continued progress on several indicators, illustrating how far we have come in three years. The Chairman of the Management Board, Arthur Sadoun, emphasised the importance of all these actions, which are assessed over the longer term, and welcomed the financial commitments made, with euro 45 million dedicated to diversity and social justice, as announced for 2020. This target has been reached thanks in particular to the "Once And For All Coalition" initiative which funds content creators in favour of the widest possible diversity.

In March 2023, a special edition of the **Women's Forum** was held in Washington, bringing together 250 experts to discuss education as one of the keys to equity, with a focus on health, climate and peace. In June 2023, with a view to the third edition of the Women's Forum Singapore (scheduled for March 2024), a one-day "Meet-Up" kicked off work on education as a lever for change, with more than 80 experts from the region and many talented young people coming brought together.

The "**Working with Cancer**" pledge launched by Arthur Sadoun in January 2023 has now been taken by close to 700 companies worldwide, representing more than 20 million employees. The common objective is to break the taboo of cancer[(1)] in the workplace, provide better protection for affected employees and offer them (and their carers) better support. The Publicis Groupe campaign won the *Grand Prix for Good* at Cannes Lions in June 2023.

Marcel, the Group's internal platform remains a central place for employees, hosting quarterly plenary sessions led by country managers and their leaders. It is also the platform used in the countries for exchange, work and dialogue with stakeholders on many topical issues. From February 2023, employees have had access to a series of modules and live sessions, sharing the latest advances in artificial intelligence and giving them access to a number of tools to train and collaborate, in order to best support their customers.

2 – **Responsible Marketing and business ethics:**

The carbon emissions calculation tool A.L.I.C.E (Advertising Limiting Impacts & Carbon Emissions) is used for 220 clients/brands. A.L.I.C.E enables all the Group's activities (creation, production, media, technology, events, etc.) to measure their impact (100 countries) using the GHG Protocol method and with the support of Bureau Veritas for the calculation methodology and the updating of emissions factors. Publicis Groupe remains very involved in the work carried out by the industry at international level, in particular Ad Net Zero on the search for a methodological consensus on measuring impacts with all stakeholders.

3 – **Fighting climate change:**

As part of the action plan designed to achieve the carbon emission reduction targets for 2030 (-50%) & 2040 (-90%), validated by SBTi (Science Based Targets Initiative) and aligned with the 1.5° scenario, the Group has continued its internal work, in particular:

- the introduction of an internal shadow price for carbon to mobilise all the Group's agencies in reduction actions and to better quantify the direct impacts linked to the various activities;
- the introduction of a new voluntary carbon credit plan (VCCs Plan 2 – 2024/2028) to follow on from the first VCC Plan 1 (2020/2023).

Finally, in June 2023, the success of **VivaTech** was confirmed with more than 150,000 visitors in Paris for this 7th edition – becoming the world's leading event for the Tech sector, with sessions over three days bringing together more than 11,000 start-ups, around prestigious guests with a peak of 1 billion impressions on social networks. The VivaTech News channel reached over 5 million people live over the three days.

The CSR actions of the Groupe and its agencies are publicly accessible in the CSR section of the Groupe's website and the data is summarized in the CSR Smart data section.

(1) Cancer or serious deseases.

1.4 SIGNIFICANT EVENTS OF THE PERIOD

On January 4, 2023, Publicis announced the acquisition of **Yieldify**, a London-based marketing technology company. Founded in 2013, Yieldify's leading platform and service enable companies to better personalize consumers' website experiences, driving incremental revenue and other desired outcomes by delivering the right message at the right time based on a consumer's profile and stage in their purchase journey. Yieldify will become part of Epsilon, and its onsite personalization, conversion optimization and customer journey offerings will complement Epsilon PeopleCloud to better address the mid-market.

On January 10, 2023, Publicis announced the acquisition of **Advertise BG**, one of the leading performance marketing agencies in Bulgaria. The strategic acquisition will further reinforce Publicis Groupe Bulgaria's competencies in digital transformation, adding firepower to its existing offering across digital strategy, data, social media, and digital content creation.

On March 30, 2023, Publicis announced the acquisition of **Practia**, based in Buenos Aires, a leading Latin America independent technology company and provider of digital business transformation services. With its 1,200 experienced professionals, this acquisition will position Publicis Sapient to enter the Latin America market while establishing a foundation for a nearshore delivery platform that will enable the Company to better service clients based in North America.

On April 28, 2023, the 2022 Universal Registration Document was filed with the French Financial Markets Regulatory Authority (*Autorité des marchés financiers, AMF*). It is made available to the public according to the terms of the regulations in force and may be viewed on the www.publicisgroupe.com website, as well as on the AMF's website (www.amf-france.org).

On April 2023, Publicis announced that its Combined General Shareholders' Meeting would take place at 10.00 a.m. on May 31, 2023 at the Company's headquarters, 133 avenue des Champs-Élysées, Paris 8th. The convening notice was published in the *Bulletin des annonces légales obligatoires* (BALO) on April 26, 2023 and includes the agenda, draft resolutions and main terms of participation and voting at the Annual General Meeting. The notice of the meeting was published in the BALO on May 10.

On May 23, 2023, Publicis announced the acquisition of full stake in **Publicis Sapient AI Labs**, an innovative artificial intelligence research and development joint venture launched in 2020 in partnership between Publicis Sapient, Elder Research and Tquila. The acquisition will further strengthen Publicis Sapient's data & AI capabilities and enable the Company to develop innovative solutions across industries for a wide range of applications, such as generative AI, natural language processing (NLP), computer vision and autonomous systems.

On May 31, 2023, Publicis held its Combined General Shareholder's Meeting. All the resolutions have been adopted, among which:

- the renewal of the term of office of Mrs Suzan LeVine and Mrs Antonella Mei-Pochtler as members of the Supervisory Board for a period of four years;
- the appointment of KPMG S.A. as Statutory Auditor, replacing Mazars whose term of office has expired;
- the compensation for 2022 of Corporate Officers;
- the compensation policies for 2023 of the Management Board (resolutions 10 and 11) and the Supervisory Board (resolutions 8 and 9) as presented in the Universal Registration Document 2022 (Chapter 3.2 "Compensation of corporate officers");
- the payment of a dividend of euro 2.90 per share, up 21% compared to the dividend paid for fiscal year 2021. The payment was effective on July 5, 2023.

On June 5, 2023, Publicis announced the acquisition of **Corra**, based in New York, an ecommerce leader recognized by Adobe as one of the top commerce firms in North America. Corra will augment Publicis Sapient's existing expertise in commerce solutions, including Adobe Commerce, while extending Publicis Sapient's offerings in digital and omnichannel commerce. By acquiring Corra, Publicis Sapient will further establish itself as a global leader across the entire Adobe Product Suite, in addition to further cementing its already leading capabilities.

On June 15, 2023, Publicis and Carrefour announced the launch of their joint-venture **Unlimitail**, to address the booming retail media market in Continental Europe, Brazil and Argentina. The launch of the Company comes six months after the initiative was announced and has been unveiled during VivaTech, Unlimitail will partner with retailers and brands, bringing the scale, connectivity and consistency for retail media to reach its full potential in those geographies. It is built on the most advanced technologies, CitrusAd powered by Epsilon, and the deepest retail expertise from Carrefour. Unlimitail has already converted its first 13 retail partners, representing together more than 120 million loyalty customers.

1.5 ANALYSIS OF THE FINANCIAL SITUATION AND RESULT

Simplified consolidated income statement

(in millions of euros)	H1 2023	H1 2022	2023 *vs.* 2022
Net Revenue	**6,318**	**5,873**	**+7.6%**
Pass-through revenue	787	674	+16.8%
Revenue	**7,105**	**6,547**	**+8.5%**
Personnel costs	(4,200)	(3,888)	+8.0%
Other operating costs	(1,570)	(1,372)	+14.4%
Operating margin before Depreciation & Amortization	**1,335**	**1,287**	**+3.7%**
Depreciation & Amortization	(242)	(269)	-10.0%
Operating margin	**1,093**	**1,018**	**+7.4%**
Percentage operating margin (% of Net revenue)	***17.3%***	***17.3%***	***0 bp***
Amortization of intangibles arising on acquisitions	(142)	(137)	+3.6%
Impairment/real estate transformation expense	(112)	(44)	
Other non-recurring income (expenses)	4	(76)	
Operating income	**843**	**761**	**+10.8%**
Financial income (expense)	(14)	(40)	-65.0%
Revaluation of earn-out costs	1	(4)	
Income tax	(205)	(189)	+8.5%
Share of profit of Associates	3	5	-
Net income	**628**	**533**	**+17.8%**
Of which minority interests	5	(4)	-
Net income attributable to the Groupe	**623**	**537**	**+16.0%**

Net revenue in Q2 2023

Publicis Groupe's net revenue in Q2 2023 was euro 3,239 million, up +5.4% from euro 3,073 million in 2022. Exchange rates had a negative impact of euro 73 million. Acquisitions, net of disposals, accounted for an increase in net revenue of euro 26 million in Q2 2023. Organic growth reached +7.1% in Q2 2023.

/ Breakdown of Q2 2023 Net revenue by region

	Net revenue			
(in millions of euros)	Q2 2023	Q2 2022	Reported Growth	Organic Growth
North America	1,955	1,912	+2.2%	+4.9%
Europe	809	709	+14.1%	+15.2% (1)
Asia Pacific	300	289	+3.8%	+2.6%
Middle East & Africa	91	90	+1.1%	+6.5%
Latin America	84	73	+15.1%	+5.9%
Total	**3,239**	**3,073**	**+5.4%**	**+7.1%**

(1) Organic growth was +11.6% excluding Outdoor Media activities & the Drugstore.

North America net revenue was up +2.2% on a reported basis in Q2 2023, including a negative impact of the US dollar to Euro exchange rate. Organic growth in the region was +4.9%, of which +5.0% in the **US**. Publicis Sapient grew at a very solid +5.1% organically in the US, despite high comparable of +17%, in a context of slower decision-making process for DBT projects. Epsilon grew +6.9% organically, notably driven by outperforming Digital Media. **Canada** was up +2.2% organically.

Net revenue in **Europe** was up by +14.1% on a reported basis. It was up by +15.2% on an organic basis, or +11.6% excluding the contribution of our Outdoor Media activities & the Drugstore. Organic growth in the **UK** was +17.0%, with a notable double-digit growth in Media and at Publicis Sapient. Organic growth in **France** was +5.0%(1) with double-digit growth in Media and at Publicis Sapient. **Germany** was up +9.5% organically with double-digit growth in Media and very solid Publicis Sapient. **Central & Eastern Europe** grew +17.1% organically thanks to double-digit growth in Poland, Hungary and Czech Republic and the resumption of activity in Ukraine.

Net revenue in **Asia Pacific** was +3.8% on a reported basis, and +2.6% organically. **China** accelerated to +7.0% organic growth, after +3.7% in Q1. **Thailand** sequentially improved while remaining in negative territory due to the phasing of a large project, while **Singapore, Vietnam and Japan** posted double digit growth. **Australia** and **New Zealand** were stable.

In **Middle East & Africa**, net revenue was up +1.1% on a reported basis, and +6.5% organically on top of a high comparable basis of +15.3% in Q2 2022.

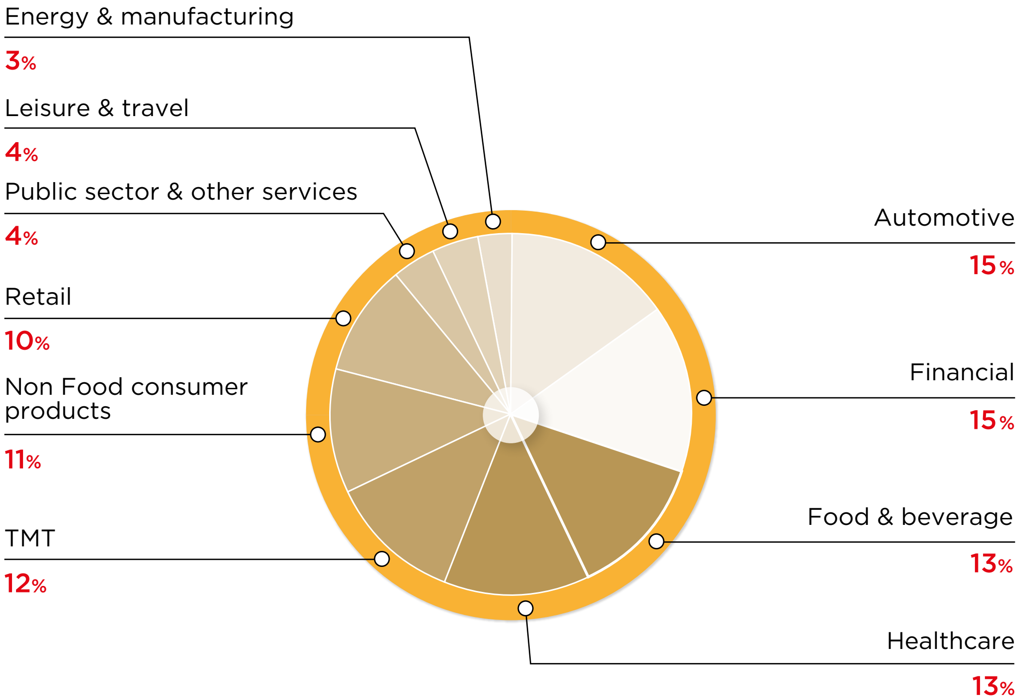
Net revenue in **Latin America** was up +5.9% organically driven by strong Media like in Q1. The region posted +15.1% on a reported basis notably benefitting from the acquisition of Practia.

Net revenue in H1 2023

Publicis Groupe's net revenue for the first half 2023 was euro 6,318 million, up by +7.6% compared to euro 5,873 million in H1 2022. Exchange rate variations over the period had a small negative impact of euro 12 million. Acquisitions (net of disposals) have a positive impact of euro 40 million on net revenue. Organic growth was +7.1% in H1 2023.

(1) Excluding Outdoor Media activities and the Drugstore.

/ Breakdown of H1 2023 net revenue by sector



On the basis of 3,298 clients representing 91% of Groupe net revenue.

/ Breakdown of H1 2023 net revenue by region

(in millions of euros)	Net revenue H1 2023	Net revenue H1 2022	Reported Growth	Organic Growth
North America	3,893	3,660	+6.4%	+5.3%
Europe	1,552	1,371	+13.2%	+13.8%
Asia Pacific	550	550	-	+1.7%
Middle East & Africa	179	165	+8.5%	+11.2%
Latin America	144	127	+13.4%	+6.7%
Total	**6,318**	**5,873**	**+7.6%**	**+7.1%**

Net revenue in **North America** was up by +5.3% on an organic basis in the first half (+6.4% on a reported basis). The **US** performed strongly at +5.4% organically reflecting the strength of our model.

Europe posted +13.8% organic growth in H1 (+13.2% on a reported basis). Excluding the impact of the Groupe's Outdoor Media activities and the Drugstore in France, the organic growth in Europe is +12.1%. The **UK** was at +20.3% organic, **France** at +4.0%[1], **Germany** at +9.9% and **Central & Eastern Europe** at +14.0%.

Asia Pacific net revenue was up by +1.7% on an organic basis (flat on a reported basis). China reported an organic growth of +5.6%, and **Australia & New Zealand** were up by +2.4% on an organic basis.

Net revenue in the **Middle East and Africa** region was up by +11.2% on an organic basis (+8.5% reported) and up by +6.7% in **Latin America** (+13.4% reported).

(1) Excluding Outdoor Media activities and the Drugstore.

Half-year operating margin and operating income

Operating margin

EBITDA (operating margin before depreciation and amortization) amounted to euro 1,335 million in H1 2023, compared with euro 1,287 million in 2022, up by +3.7%. The EBITDA margin is 21.1% of net revenue.

- **Personnel costs** totaled euro 4,200 million at June 30, 2023, up by +8.0% from euro 3,888 million in H1 2022. As a percentage of net revenue, personnel expenses were 66.5% in H1 2023, *versus* 66.2% in H1 2022. Fixed personnel costs were euro 3,725 million and represented 59.0% of net revenue *versus* 57.5% in H1 2022. As expected, the cost of freelancers decreased by euro 68 million in H1 2023, representing euro 165 million. Restructuring costs were euro 45 million, up *versus* euro 30 million in H1 2022;
- **Non personnel costs** amounted to euro 1,025 million in H1 2023, compared to euro 967 million in H1 2022. This represented 16.2% of net revenue in H1 2023 versus 16.5% of net revenue in H1 2022. They comprised:
  - **Other operating expenses** (excluding pass-through costs, depreciation & amortization) amounted to euro 783 million, compared to euro 698 million in H1 2022. This represents 12.4% of net revenue compared to 11.9% in H1 2022.
  - **Depreciation and amortization** charge was euro 242 million in H1 2023 compared to euro 269 million in H1 2022, a reduction of 10.0%, or euro 27 million. It reflects the consolidation of our real estate footprint as well as an increase in the share of SaaS platforms used by the Groupe and directly expensed.

As a result, the **operating margin** was euro 1,093 million as at June 30, 2023, an increase of 7.4% compared to 2022. The margin rate was 17.3%, flat versus H1 2022.

Operating margin rates by geographies were 18.6% in North America, 16.3% in Europe, 17.3% in Asia-Pacific, 10.1% in Middle East/Africa and 2.8% in Latin America.

Operating income

Amortization of intangibles arising on acquisitions totaled euro 142 million in H1 2023, up by euro 5 million compared to H1 2022.

Impairment losses, related to real estate restructuring/ consolidations, amounted to euro 112 million in H1 2023, up by euro 68 million compared to H1 2022, in a context of real estate optimization.

Other non-current income and expenses are not material and account for an income of euro 4 million in H1 2023. In 2022, this item was an expense of euro 76 million and included the loss linked to the Groupe's exit from Russia for euro 87 million, as well as proceeds of euro 11 million from the sale of an interest held by the Group in a building located in Chicago, USA.

Operating income totaled euro 843 million in H1 2023, compared with euro 761 million in 2022.

Other Income Statement items

Financial result, made up of the cost of net financial debt and other financial income and expenses, amounted to a net expense of euro 14 million in H1 2023, down from euro 40 million in H1 2022.

- The **cost of net financial debt** was a net financial income of euro 42 million in H1 2023, including euro 59 million of interest expense on the gross debt related mostly to Epsilon's acquisition. This interest was offset by interest income of euro 101 million, a euro 72 million increase compared to H1 2022 that reflected higher cash balances levels and interest rates. In H1 2022, net financial debt generated an expense (net of income) of euro 27 million.
- **Other financial income and expenses** (excluding earn-out revaluation) represent an expense of euro 56 million and include euro 39 million of interest on lease obligations, and euro 8 million negative adjustment of the fair value revaluation of Mutual Funds. In H1 2022, other financial income and expenses amounted to an expense of euro 13 million, including euro 45 million of interest on lease liabilities and euro 34 million of income from the fair value remeasurement of the Mutual Funds.
- The **revaluation for earn-outs** was an income of euro 1 million in H1 2023, compared to euro 4 million charge in H1 2022.

The **income tax** amounted to euro 205 million in H1 2023, resulting from the application of a forecast effective tax rate for 2023 of 24.8%, compared to a tax charge of euro 189 million in H1 2022, with a rate of 23.4%.

The **share of profit of associates** in H1 2023 is a profit of euro 3 million, compared to a profit of euro 5 million in H1 2022.

Minority interests in the net income were a profit of euro 5 million in H1 2023, compared with a loss of euro 4 million in H1 2022.

Overall, the **Group net income** was a euro 623 million profit in H1 2023, up by +16.0%, compared to euro 537 million in H1 2022.

Balance sheet and cash flow statement

Simplified Balance Sheet

(in millions of euros)	June 30, 2023	December 31, 2022
Goodwill (net)	12,636	12,546
Other intangibles (net)	1,094	1,247
Right to use lease contracts (net)	1,672	1,753
Other fixed assets (net)	989	1,059
Current and deferred taxes	(183)	(380)
Working capital requirements	(3,529)	(3,907)
Total assets	**12,679**	**12,318**
Shareholders' equity	9,188	9,635
Minority interests	(44)	(35)
Total shareholders' equity	**9,144**	**9,600**
Long- and short-term provisions	832	795
Net debt	226	(634)
Lease obligations	2,477	2,557
Total liabilities	**12,679**	**12,318**

Consolidated equity attributable to holders of the parent company increased from euro 9,635 million at December 31, 2022 to euro 9,188 million at June 30, 2023, due to the following elements:

- (+) Net income H1 2023: euro 623 million
- (-) Other comprehensive income, net of tax: euro 201 million
- (-) Dividends: euro 726 million
- (+) Share based compensation, net of tax: euro 50 million;
- (-) (Purchases)/ Sales of treasury shares: euro 194 million;
- (+) Other items: euro 1 million.

Minority interests were negative at euro 44 million, after negative 35 million at December 31, 2022.

Net debt

(in millions of euros)	June 30, 2023	December 31, 2022
Financial debt (long- and short-term)	3,710	3,616
Fair value of hedging derivatives on the 2025, 2028 and 2031 Eurobonds(1)	194	260
Fair value of derivatives hedging intra-group loans and borrowings(1)	4	106
Total financial debt including market value of the associated derivatives	**3,908**	**3,982**
Cash and cash equivalents	(3,682)	(4,616)
Net financial debt	**226**	**(634)**
Debt/equity (including minority interests)	**0.02**	**n/a**

(1) Carried on the consolidated balance sheet under "Other receivables and current assets" and/or under "Other payables and current liabilities".

Net financial debt amounted to euro 226 million as of June 30, 2023 (i.e. a ratio Net Debt/Equity of 0.02) compared to net debt of euro 464 million as of June 30, 2022. The Group reported a net cash position of euro 634 million as of December 31, 2022.

The **Group's average net** debt over 12 months amounted to euro 498 million in H1 2023, compared to euro 1,024 million over the same period in previous year.

Cash flow

Net cash-flow from operating activities resulted in an outflow of euro 63 million in the first six months of 2023, after a surplus of euro 210 million in the same period of the previous year.

The main changes relate to:

- income tax paid, which amounted to euro 386 million in H1 2023 compared to euro 251 million in H1 2022, an increase mainly related to the payment made by the Group in January 2023 of an additional euro 110 million in respect of fiscal year 2022, reflecting the implementation of the Tax Cuts and Jobs Act (TCJA) in the United States, tax legislation which requires the capitalization and amortization of R&D expenses in the US over five years;
- the change in working capital requirement is negative at euro 1,053 million, compared with a negative change as well of euro 858 million in H1 2022.

Net cash flow from investing activities includes acquisitions and disposals of tangible and intangible fixed assets, net acquisitions of financial assets and acquisitions and disposals of subsidiaries. Net cash used in investing activities amounted to euro 243 million in H1 2023, compared to euro 507 million for the same period in 2022. Net investments in current and fixed assets amounted to euro 75 million in H1 2023, close to the euro 82 million figure for the first half of 2022. Net investment (of disposals) in the acquisition of subsidiaries amounted to euro 158 million, mainly related to the acquisitions of Practia and Corra, compared to euro 443 million in H1 2022 (which included in particular the acquisitions of Tremend, Profitero and Wiredcraft, as well as the negative impact for euro 49 million related to the disposal of Russian activities).

Net cash flow from financing activities generated an outflow of euro 388 million in H1 2023, compared with an utilization of euro 279 million in the same period of the previous year. The (net) repurchase of treasury shares generated a cash outflow of euro 193 million over the H1 2023 (compared with a cash inflow of euro 7 million in 2022), mainly linked to the program to buy back 3,000,000 shares, which took place in February and March for a total amount of euro 222 million. Repayments of lease liabilities and related interest amounted to euro 207 million in H1 2023, close to the amount of euro 215 million for the same period in 2022. Net interest received amounted to euro 17 million in the first half after euro 63 million paid in 2022.

In total, the **Group's cash position** net of bank credit balances decreased by euro 933 million in the first half-year 2023 compared with a decrease of euro 318 million in the same period of the previous year.

Including the short-term credit lines available, the **Group's available liquidity** amounted to euro 5,682 million as at June 30, 2023, compared with euro 5,342 million as at June 30, 2022 and euro 6,616 million as at December 31, 2022.

Free cash-flow

The Group's free cash-flow excluding changes in Working Capital Requirement (WCR) is the indicator used by the Group to measure liquidity from activity after considering investments in fixed assets, but before acquisitions or disposals of investments and before financing operations (including financing of working capital requirement).

The table below shows the calculation of the Group's free cash-flow.

(in millions of euros)	H1 2023	H1 2022
EBITDA	**1,335**	**1,287**
Repayment of lease liabilities and related interests	(207)	(215)
Financial interest paid (net)	17	(63)
Income tax paid	(386)	(251)
Other	41	32
Cash-Flow from operations before change in WCR	**800**	**790**
Investments in fixed assets (net)	(75)	(82)
Free Cash-Flow before change in WCR	**725**	**708**
TCJA additional cash tax related to 2022 paid in January 2023	110	-
Free cash-flow	**835**	**708**

The **Group's free cash-flow**, excluding changes in working capital requirements, was euro 725 million in the first half-year 2023, up euro 17 million compared to 2022 for the same period.

Income tax paid amounted to euro 386 million, up 135 million from euro 251 million in 2022. In January 2023, the Group made an additional payment of euro 110 million in respect of fiscal year 2022, reflecting the implementation of the Tax Cuts and Jobs Act (TCJA) in the United States, which was confirmed at the end of December 2022. This change in tax law requires the capitalization and amortization of R&D expenses in the US over five years and has no impact on the effective tax rate.

Repayments of lease liabilities and related interest amounted to euro 207 million in H1 2023, comparable to 215 million euro in the first half of 2022.

Financial interest (mostly including the interests on the acquisition debt of Epsilon) generated an income of euro 17 million for the first half-year 2023, compared with a net expense of euro 63 million in 2022.

Net investments in fixed assets amounted to euro 75 million, close to the euro 82 million figure for the first half of 2022.

Excluding this additional tax payment, the **Group's free cash flow** before changes in working capital requirements and investments would have been euro 835 million, a favorable change of 17.9% compared to euro 708 million in 2022.

Related party transactions

There are no new related party transactions entered into during the first half of 2023.

Publicis Groupe S.A. (parent company)

Total revenues amounted to euro 73 million in first half-year 2023, compared with euro 80 million in the same period of the previous year. It is composed by rental income on real estate and fees for services to the Groupe's subsidiaries for euro 15 million, in line with the euro 14 million of the previous year, and pass-through revenue and other income for euro 58 million (compared with euro 65 million as at June 30, 2022). These last items have no impact on the company's results, since they are offset by operating expenses.

Operating expenses amounted to euro 68 million in H1 2023, compared with euro 77 million the previous year.

As a result, **operating income** is a profit of euro 5 million in the first half of 2023, compared with euro 3 million in 2022

Financial income amounted to euro 4 million in H1 2023, compared to euro 1 million the previous year, thanks in particular to the dividends received from the subsidiaries.

Financial expenses amounted to euro 40 million in H1 2023, compared to euro 33 million the previous year. This change is related to the increase in the interest expense on the Group's cash pool.

Pre-tax profit was a loss of euro 35 million in H1 2023, compared with a loss of euro 28 million in the same period of 2022.

After inclusion of euro 3 million **income tax** credit resulting from the French tax consolidation, Publicis Groupe S.A., the **Group's parent company**, posted a **loss** of euro 31 million as at June 30, 2023, compared with a loss of euro 25 million as at June 30, 2022.

1.6 POST CLOSING EVENTS

There are no subsequent events to notice.

1.7 OUTLOOK

With a better than expected first half 2023, and driven by the strength of its unique model, the Groupe upgrades its guidance on all KPIs for the full year 2023 despite persistent macroeconomic uncertainties.

- **Organic growth is now expected at circa +5%,** *versus* the top half of the +3% to +5% previous guidance.
- **Operating margin** rate close to 18% *versus* between 17.5% and 18% previously.
- **Free cash flow** before working capital requirement of at least euro 1.6 billion[1], *versus* circa euro 1.6 billion previously.

(1) Based on 1.10 EUR/USD exchange rate.

CHAPTER

2 CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS ENDED JUNE 30, 2023

2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	*Notes*	June 30, 2023 (6 months)	June 30, 2022 (6 months)	December 31, 2022 (12 months)
Net revenue[(1)]		**6,318**	**5,873**	**12,572**
Pass-through revenue		787	674	1,624
Revenue		**7,105**	**6,547**	**14,196**
Personnel costs	*4*	(4,200)	(3,888)	(8,211)
Other operating costs		(1,570)	(1,372)	(3,184)
Operating margin before depreciation & amortization		**1,335**	**1,287**	**2,801**
Depreciation and amortization (excluding intangibles from acquisitions)	*5*	(242)	(269)	(535)
Operating margin		**1,093**	**1,018**	**2,266**
Amortization of intangibles from acquisitions	*5*	(142)	(137)	(287)
Impairment loss	*5*	(112)	(44)	(109)
Other non-current income and expenses	*6*	4	(76)	(103)
Operating income		**843**	**761**	**1,767**
Financial expense		(59)	(56)	(118)
Financial income		101	29	101
Cost of net financial debt	***7***	***42***	***(27)***	***(17)***
Other financial income and expenses	*7*	(56)	(13)	(100)
Revaluation of earn-out payments	*7*	1	(4)	(2)
Pre-tax income of consolidated companies		**830**	**717**	**1,648**
Income taxes	*8*	(205)	(189)	(431)
Net income of consolidated companies		**625**	**528**	**1,217**
Share of profit of associates	*11*	3	5	5
Net income		**628**	**533**	**1,222**
Of which:				
• Net income attributable to non-controlling interests		5	(4)	-
• Net income attributable to equity holders of the parent company		623	537	1,222
Per share data (in euros) – Net income attributable to equity holders of the parent company	***9***			
Number of shares		*250,829,338*	*250,274,576*	*250,972,110*
Earnings per share		2.48	2.15	4.87
Number of diluted shares		*253,618,058*	*252,508,128*	*253,605,167*
Diluted earnings per share		2.46	2.13	4.82

(1) Net revenue: Revenue less pass-through costs. Those costs are mainly production & media costs and out-of-pocket expenses. As these items that can be passed on to clients are not included in the scope of analysis of transactions, the net revenue indicator is the most appropriate for measuring the Groupe's operational performance.

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	June 30, 2023 (6 months)	June 30, 2022 (6 months)	December 31, 2022 (12 months)
Net income for the period (a)	**628**	**533**	**1,222**
Comprehensive income that will not be reclassified to income statement			
• Actuarial gains (and losses) on defined benefit plans	(6)	91	42
• Deferred taxes on comprehensive income that will not be reclassified to income statement	2	(22)	(10)
Comprehensive income that may be reclassified to income statement			
• Remeasurement of hedging instruments	13	8	(21)
• Consolidation translation adjustments	(217)	676	311
Total other comprehensive income (b)	**(208)**	**753**	**322**
Total comprehensive income for the period (a) + (b)	**420**	**1,286**	**1,544**
Of which:			
• Comprehensive income for the period attributable to non-controlling interests	(2)	(1)	-
• Comprehensive income for the period attributable to equity holders of the parent company	422	1,287	1,544

2.3 CONSOLIDATED BALANCE SHEET

(in millions of euros)	Notes	June 30, 2023	December 31, 2022
Assets			
Goodwill, net	10	12,636	12,546
Intangible assets, net		1,094	1,247
Right-of-use assets related to leases	16	1,672	1,753
Property, plant and equipment, net		582	610
Deferred tax assets		199	186
Investments in associates	11	55	55
Other financial assets	12	351	394
Non-current assets		**16,589**	**16,791**
Inventories and work-in-progress		319	327
Trade receivables		10,729	12,089
Contract assets		1,451	1,149
Other receivables and current assets		930	926
Cash and cash equivalents		3,682	4,616
Current assets		**17,111**	**19,107**
Total assets		**33,700**	**35,898**
Equity and liabilities			
Share capital		102	102
Additional paid-in capital and retained earnings, Groupe share		9,086	9,533
Equity attributable to holders of the parent company – Groupe share	**13**	**9,188**	**9,635**
Non-controlling interests (minority interests)		(44)	(35)
Total equity		**9,144**	**9,600**
Long-term borrowings	15	3,085	2,989
Long-term lease liabilities	16	2,124	2,197
Deferred tax liabilities		203	219
Long-term provisions	14	553	504
Non-current liabilities		**5,965**	**5,909**
Trade payables		13,861	15,660
Contract liabilities		444	549
Short-term borrowings	15	625	627
Short-term lease liabilities	16	353	360
Income taxes payable		328	486
Short-term provisions	14	278	291
Other creditors and current liabilities		2,702	2,416
Current liabilities		**18,591**	**20,389**
Total equity and liabilities		**33,700**	**35,898**

2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	Notes	June 30, 2023 (6 months)	June 30, 2022 (6 months)	December 31, 2022 (12 months)
Cash flow from operating activities				
Net income		628	533	1,222
Neutralization of non-cash income and expenses:				
Income taxes	8	205	189	431
Cost of net financial debt	7	(42)	27	17
Capital losses (gains) on disposal of assets (before tax)	6	(2)	76	103
Depreciation, amortization and impairment losses	5	496	450	931
Share-based compensation	19	41	30	64
Other non-cash income and expenses		51	16	86
Share of profit of associates	11	(3)	(5)	(5)
Dividends received from associates	11	2	3	3
Taxes paid		(386)	(251)	(430)
Change in working capital requirements[1]		(1,053)	(858)	(5)
Net cash flows generated by (used in) operating activities (I)		**(63)**	**210**	**2,417**
Cash flow from investing activities				
Purchases of property, plant and equipment and intangible assets		(75)	(84)	(198)
Disposals of property, plant and equipment and intangible assets		-	2	4
Purchases of investments and other financial assets, net		(10)	18	11
Acquisitions of subsidiaries	3	(158)	(400)	(523)
Disposals of subsidiaries[2]	3	-	(43)	(43)
Net cash flows generated by (used in) investing activities (II)		**(243)**	**(507)**	**(749)**
Cash flow from financing activities				
Dividends paid to holders of the parent company	13	-	-	(603)
Dividends paid to non-controlling interests		(7)	(3)	(4)
Proceeds from new borrowings[3]	15	4	5	-
Repayment of borrowings[3]	15	-	(10)	(10)
Repayment of lease liabilities	16	(168)	(170)	(317)
Interest paid on lease liabilities	16	(39)	(45)	(87)
Interest paid		(86)	(84)	(101)
Interest received		103	21	84
Buy-outs of non-controlling interests		(2)	-	(3)
Net (buybacks)/sales of treasury shares and warrants		(193)	7	41
Net cash flows generated by (used in) financing activities (III)		**(388)**	**(279)**	**(1,000)**
Impact of exchange rate fluctuations (IV)		**(239)**	**258**	**300**
Change in consolidated cash and cash equivalents (I + II + III + IV)		**(933)**	**(318)**	**968**
Cash and cash equivalents on January 1		4,616	3,659	3,659
Bank overdrafts on January 1	15	(1)	(12)	(12)
Net cash and cash equivalents at beginning of year (V)		**4,615**	**3,647**	**3,647**
Cash and cash equivalents at closing date		3,682	3,342	4,616
Bank overdrafts at closing date	15	-	(13)	(1)
Net cash and cash equivalents at closing date (VI)		**3,682**	**3,329**	**4,615**
Change in consolidated cash and cash equivalents (VI - V)		**(933)**	**(318)**	**968**

(1) Breakdown of change in working capital requirements.			
Change in inventory and work-in-progress	4	(39)	(46)
Change in trade receivables and other receivables	868	633	(710)
Change in accounts payable, other payables and provisions	(1,925)	(1,452)	751
Change in working capital requirements	**(1,053)**	**(858)**	**(5)**

(2) Including euro (49) million disbursed in connection with the disposal of Russian operations in the first-half 2022.
(3) See Note 15.

2.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital
251,992,065	**December 31, 2022**	**102**	**4,037**
	Net income		
	Other comprehensive income, net of tax		
	Total income and expenses for the period	**0**	**0**
-	Dividends		(701)
-	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
-	Equity warrant exercise		
(1,490,149)	(Buybacks)/Sales of treasury shares		
250,501,916	**June 30, 2023**	**102**	**3,336**
249,600,509	**December 31, 2021**	**101**	**4,581**
	Net income		
	Other comprehensive income, net of tax		
	Total income and expenses for the period	**-**	**-**
-	Dividends		
246,225	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
161,412	Equity warrant exercise	1	3
1,116,166	(Buybacks)/Sales of treasury shares		
251,124,312	**June 30, 2022**	**102**	**4,584**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
5,324	**85**	**87**	**9,635**	**(35)**	**9,600**
623			623	5	628
	(210)	9	(201)	(7)	(208)
623	**(210)**	**9**	**422**	**(2)**	**420**
(25)			(726)	(7)	(733)
50			50		50
1			1		1
0			0		0
(194)			(194)		(194)
5,779	**(125)**	**96**	**9,188**	**(44)**	**9,144**
4,056	**(226)**	**76**	**8,588**	**(33)**	**8,555**
537			537	(4)	533
	673	77	750	3	753
537	**673**	**77**	**1,287**	**(1)**	**1,286**
(599)			(599)	(3)	(602)
29			29		29
2			2	3	5
			4		4
3			3		3
4,028	**447**	**153**	**9,314**	**(34)**	**9,280**

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The half-year consolidated financial statements as of June 30, 2023 and the accompanying notes were approved by the Management Board on July 17, 2023 and reviewed by the Supervisory Board on July 19, 2023.

The condensed half-year consolidated financial statements are presented in euros rounded to the nearest million.

Note 1 Accounting policies and methods

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, Publicis Groupe's consolidated financial statements as of June 30, 2023 were prepared in accordance with the IAS/IFRS international accounting standards as approved by the European Union and mandatory at that date.

The condensed half-year consolidated financial statements as of June 30, 2023, were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies and methods applied in the half-year financial statements are consistent with those used by the Groupe in the consolidated financial statements as of December 31, 2022 and presented in the Universal Registration Document filed with the French Financial Markets Authority (Autorité des marchés financiers, or "AMF") on April 28, 2023 (the "2022 Universal Registration Document", pages 263 to 273).

New applicable standards and interpretations

Application of new standards and interpretations

The Groupe's application of standards and interpretations, mandatory for financial years beginning on or after January 1, 2023, has no significant impact on the financial statements:

- the amendment to IAS 12 removing the exemption from the initial recognition of deferred taxes for transactions generating taxable and deductible temporary differences of equal amount;
- IFRS 17 on the principles of recognition, valuation, presentation and disclosures of insurance contracts;
- amendment to IAS 8 clarifying the distinction between a change in accounting estimate and a change in accounting method;
- amendment to IAS 1 concerning disclosures of significant accounting policies and methods.

Early application

As of June 30, 2023, the Groupe has not adopted any new standards or interpretations in advance.

Standards published for which application is not mandatory

The analysis of the impacts of IAS 12, which temporarily suspends the obligation to recognize deferred taxes in the consolidated financial statements in connection with the international tax reform of the OECD, Pillar 2, is underway. At this stage, no significant impact has been identified and no deferred tax has been recognized.

Use of estimates

The Groupe's financial position and earnings depend on the accounting methods applied and the assumptions, estimates and judgments made when the consolidated financial statements are prepared. The Groupe bases its estimates on its past experience and on a series of other assumptions considered reasonable under the circumstances to measure the amounts to be used for the Groupe's assets and liabilities. The assets and liabilities which are impacted by the use of estimates in the first-half 2023 are of the same type as those described as of December 31, 2022 in the 2022 Universal Registration Document. Management revises these estimates when it identifies new events to take into account or in the event of a change in the circumstances on which these assumptions were based. As of June 30, 2023, the assumptions take into account a macro-economic context that remains uncertain. Actual outcomes may, however, vary significantly from these estimates.

Note 2 Macro-economic context

Economic environment

Despite a more difficult economic environment, the performance of the Groupe's activities is in line with the growth rates and margin rates provided for in the business plans.

In this context, no indicator of impairment loss was identified and the Groupe did not perform impairment tests on goodwill.

Russia-Ukraine conflict

Given the persistence of the Russian-Ukrainian conflict, the Groupe continues to support its employees amidst reduced activity. Personnel costs for the first half of 2023 were fully provisionned at 31 December 2022.

As a reminder, Publicis Groupe sold 100% of the share capital of MMS Communication LLC, its Russia-based subsidiary, during financial year 2022. This transaction is reflected in the financial statements at December 31, 2022 as a loss on disposal of euro 87 million in non-current income.

Note 3 Changes to consolidation scope

Acquisitions during the period

The main acquisitions of the period were:

- in April 2023, the full acquisition of Practia Brasil Consultoria Ltda, a technology group that provides digital transformation services to businesses. This acquisition will enable the Groupe to strengthen its positions in the Latin American market and set up a local delivery platform for the North American market. The consideration transferred is euro 143 million. The allocation of the preliminary goodwill is in progress;
- in June 2023, the full acquisition of Corra, an ecommerce entity with an expertise on Adobe Commerce. The acquisition will enable the Group to extend its offerings in digital and omnichannel commerce. The consideration transferred is euro 127 million. The allocation of the preliminary goodwill is in progress.

The fair value, at the acquisition date, of the consideration transferred (excluding cash and cash equivalents acquired) for the consolidated entities taken as a whole with the acquisition of exclusive control during the period, amounts to euro 286 million. This amount mainly includes:

- euro 126 million paid out during the period;
- euro 160 million in earn-out commitments.

The amount paid out in the first-half 2023 for acquisitions (net of cash and cash equivalents acquired) totaled euro 158 million and includes:

- euro 129 million paid out during the period;
- euro (8) million in net cash and cash equivalents acquired;
- euro 37 million in earn-out payments relating to prior acquisitions paid out during the period.

Taken as a whole, the acquisitions during the period represented less than 1% of consolidated net revenue in the first-half 2023 and less than 1% of net income attributable to equity holders of the parent company.

Disposals during the period

There were no significant disposals during the period.

Note 4 Personnel costs and headcount

Personnel costs include salaries, wages, commissions, bonuses, profit-sharing, paid leave, as well as estimated bonuses and expenses related to share-based payments (stock option plans, free share plans) and pension expenses (excluding the net effect of discounting presented in other financial income and expenses).

(in millions of euros)	June 30, 2023 (6 months)	June 30, 2022 (6 months)
Compensation	(3,326)	(3,021)
Social security charges, including post-employment benefits	(623)	(574)
Share-based payments	(41)	(30)
Temporary employees and freelancers	(165)	(233)
Restructuration costs	(45)	(30)
Total	**(4,200)**	**(3,888)**

/ Breakdown of headcount as of June 30 by geographic region

	June 30, 2023	December 31, 2022	June 30, 2022
Europe	25,159	24,304	22,925
North America	29,704	29,574	29,277
Latin America	9,910	8,392	8,232
Asia-Pacific	32,666	32,195	31,909
Middle East & Africa	3,713	3,557	3,458
Total	**101,152**	**98,022**	**95,801**

Note 5 Depreciation, amortization and impairment loss

(in millions of euros)	June 30, 2023 (6 months)	June 30, 2022 (6 months)
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(27)	(33)
Depreciation of property, plant and equipment	(64)	(67)
Depreciation of right-of-use assets	(151)	(169)
Depreciation and amortization expense (excluding acquired intangibles)	**(242)**	**(269)**
Amortization of intangibles from acquisitions	**(142)**	**(137)**
Impairment losses on real estate contracts	(112)	(44)
Total depreciation, amortization and impairment loss	**(496)**	**(450)**

Impairment losses on goodwill and intangible assets

No impairment loss indicator was identified, and no impairment test was performed.

Impairment losses on real estate contracts

As part of the program to optimize premises, aiming to consolidate the agencies on one or more sites in the main countries, it was necessary to empty leased space in order to make better use of the existing space at other sites. Consequently, right-of-use assets concerning the empty spaces were subject to total or partial impairment loss, and likewise concerning the fixtures in these spaces.

Impairment losses of euro 112 million were recognized in the first-half 2023 (euro 83 million net of tax), including euro 35 million for right-of-use assets, euro 40 million for sub-leasing receivables and euro 4 million for fixtures. Accrued expenses such as facility management expenses and any taxes on vacant properties in the amount of euro 33 million are included in provisions for real estate commitments.

Impairment losses in the first-half 2022 stood at euro 44 million (euro 33 million net of tax), including euro 24 million for right-of-use assets and euro 5 million for fixtures. Accrued expenses such as lease expenses and any taxes on vacant properties in the amount of euro 15 million were included in provisions for real estate commitments.

Note 6 Other non-current income and expenses

This covers non-recurring income and expenses. This line item mainly includes gains and losses on the disposal of assets.

(in millions of euros)	June 30, 2023 (6 months)	June 30, 2022 (6 months)
Capital gains (losses) on disposal of assets	5	(87)
Non-current income and (expenses)	(1)	11
Total non-current income and (expenses)	**4**	**(76)**

In the first-half 2023, the euro 5 million expense mainly corresponds to the revaluation of shares previously held as part of the acquisition of a stake in Sapient AI Labs, in which Publicis Groupe previously held a minority interest (step acquisition).

In the first-half 2022, the euro 76 million expense corresponds to the Groupe's Russian exit-related loss for euro 87 million, and the proceeds of euro 11 million from the sale of an interest held by the Groupe in a building located in Chicago, USA.

Note 7 Financial income and expenses

/ Net financial income (expense) excluding revaluation of earn-out payments

(in millions of euros)	June 30, 2023 (6 months)	June 30, 2022 (6 months)
Financial expense	(59)	(56)
Financial income(1)	101	29
Cost of net financial debt	**42**	**(27)**
Foreign exchange gains (losses) and change in the fair value of derivatives	(3)	-
Net financial expense related to the discounting of pension provisions	(5)	(3)
Interest expense on lease liabilities	(39)	(45)
Change in fair value of financial assets	(8)	34
Other	(1)	1
Other financial income and expenses	**(56)**	**(13)**
Net financial income (expense) excluding revaluation of earn-out payments	**(14)**	**(40)**

(1) During the first-half 2023, financial income is the same type as that of the first-half 2022 and results from cash investments. The euro 72 million increase (euro 101 million in the first-half 2023, compared to euro 29 million in the first-half 2022), is mainly due to the increased level of cash and higher interest rates.

/ Revaluation of earn-out payments

(in millions of euros)	June 30, 2023 (6 months)	June 30, 2022 (6 months)
Revaluation of earn-out payments	**1**	**(4)**

Note 8 Income taxes

Effective tax rate

Income tax expense for the first-half 2023 is calculated by applying the estimated effective tax rate for the full year to the pre-tax income for the interim period.

(in millions of euros)		June 30, 2023 (6 months)	June 30, 2022 (6 months)
Pre-tax income of consolidated companies		**830**	**717**
Revaluation of earn-out payments		(1)	4
Main non-taxable/non-deductible disposals		(4)	87
Restated pre-tax income of consolidated companies	**A**	**825**	**808**
Effective tax rate	**B**	**24.8%**	**23.4%**
Income tax in the income statement	**A x B**	**(205)**	**(189)**

As a reminder, the effective tax rate for financial year 2022 (12 months) was 24.8%.

Note 9 Earnings per share

/ Earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2023	June 30, 2022
Net income used for the calculation of earnings per share			
Net income share attributable to equity holders of the parent company	**A**	**623**	**537**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Net income – Groupe share – diluted	**B**	**623**	**537**
Number of shares used to calculate earnings per share			
Number of shares at January 1		254,311,860	253,462,409
Shares created over the period		-	133,430
Treasury shares to be deducted (average for the period)		(3,482,522)	(3,321,264)
Average number of shares used for the calculation	**C**	**250,829,338**	**250,274,576**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		2,788,720	2,124,694
• Equity warrants (BSA)		-	108,858
Number of diluted shares	**D**	**253,618,058**	**252,508,128**

(in euros)			
Earnings per share	**A/C**	**2.48**	**2.15**
Diluted earnings per share	**B/D**	**2.46**	**2.13**

/ Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2023	June 30, 2022
Net income used to calculate headline earnings per share[1]			
Net income – Groupe share		**623**	**537**
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		105	103
• Impairment loss, net of tax		83	33
• Revaluation of earn-out payments		(1)	4
• Main capital gains and losses on disposal of assets and fair value adjustment of financial assets, net of tax[2]		3	50
Headline Groupe net income	**E**	**813**	**727**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Headline Groupe net income, diluted	**F**	**813**	**727**
Number of shares used to calculate earnings per share			
Number of shares at January 1		254,311,860	253,462,409
Shares created over the period		-	133,430
Treasury shares to be deducted (average for the period)		(3,482,522)	(3,321,264)
Average number of shares used for the calculation	**C**	**250,829,338**	**250,274,576**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		2,788,720	2,124,694
• Equity warrants (BSA)		-	108,858
Number of diluted shares	**D**	**253,618,058**	**252,508,128**

(in euros)

Headline earnings per share[1]	**E/C**	**3.24**	**2.90**
Headline earnings per share – diluted[1]	**F/D**	**3.21**	**2.88**

(1) EPS after elimination of impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal and fair value adjustment of financial assets and revaluation of earn-out payments.

(2) As of June 30, 2023, the main capital gains and losses on disposal amount to euro 4 million and the fair value adjustment of financial assets amounts to euro (7) million. At June 30, 2022, the main capital gains and losses on disposal amount to euro (79) million and the fair value adjustment of financial assets amounts to euro 29 million.

Note 10 Goodwill

Changes in goodwill

(in millions of euros)	Gross value	Impairment loss	Net amount
December 31, 2022	**14,108**	**(1,562)**	**12,546**
Acquisitions	282	-	282
Changes related to the revaluation of earn-outs during the window period	2	-	2
Effect of translation and other	(217)	23	(194)
June 30, 2023	**14,175**	**(1,539)**	**12,636**

Note 11 Investments in associates

Investments in associates amounted to euro 55 million at June 30, 2023 (*versus* euro 55 million at December 31, 2022).

(in millions of euros)	Investments in associates
December 31, 2022	**55**
Share of profit of associates	3
Disposals	2
Dividends received	(2)
Effect of translation and other	(3)
June 30, 2023	**55**

The following table shows the carrying amount of investments in associates at June 30, 2023:

(in millions of euros)	June 30, 2023
SCB TechX	16
Core 1 WML Ltd	15
Burrell Communications Group	7
Voilà SAS	4
OnPoint Consulting Inc.	4
Somupi SA	3
Viva Tech[1]	3
Other investments in associates	3
Net amount	**55**

(1) Joint-venture between MSL France and Les Échos Solutions.

In addition, the Group entered into a partnership with Carrefour in the form of a joint venture created to meet the growing demand for retail media activities. The activity of Unlimitail, in which Publicis has a significant influence and holds a 49% stake, is in a start-up phase. Additional capital contributions will be made in the second-half 2023.

Note 12 Other financial assets

(in millions of euros)	June 30, 2023	December 31, 2022
Other financial assets at fair value through profit and loss:		
• Venture Capital Funds[1]	164	166
• Other	19	19
Security deposits[2]	47	48
Loans to associates and non-consolidated companies	32	68
Sub-lease receivables[3]	122	123
Other	23	22
Gross value	**407**	**446**
Impairment	(56)	(52)
Net amount	**351**	**394**

(1) These Venture Capital Funds are dedicated to investments in value-creating companies in the digital economy.
(2) Security deposits include mainly the deposits given to lessor in the frame of real estate lease contracts.
(3) See Note 16.

Note 13 Shareholders' equity

Share capital of the parent company

(in shares)	June 30, 2023	December 31, 2022
Share capital at January 1	254,311,860	253,462,409
Capital increase	-	849,451
Shares comprising the share capital at the end of the period	**254,311,860**	**254,311,860**
Treasury stock at the end of the period	(3,809,944)	(2,319,795)
Shares outstanding at the end of the period	**250,501,916**	**251,992,065**

At June 30, 2023, the share capital of Publicis Groupe S.A. totaled euro 101,724,744, divided into 254,311,860 shares, each with a par value of euro 0.40.

Neutralization of the existing treasury shares existing on June 30, 2023

Treasury shares held at the end of the semester, including those owned under the liquidity contract, are deducted from the share capital.

The portfolio of treasury shares showed the following movements in the first-half 2023:

	Number of shares
Treasury shares held on December 31, 2022[1]	**2,319,795**
Disposals (exercise of stock options) and deliveries of free shares	(1,525,893)
Buybacks of treasury shares	3,000,000
Movements as part of the liquidity contract	16,042
Treasury shares held on June 30, 2023[1]	**3,809,944**

(1) Including 73,966 shares held under the liquidity contract as of June 30, 2023, and 57,924 as of December 31, 2022.

As part of a share repurchase plan, Publicis Groupe S.A. bought back 3,000,000 of its shares for an amount of euro 222 million. The purpose of this program was to meet obligations related to the current free share plans for employees, without issuing new shares.

Dividends

In accordance with decisions of the Ordinary General Shareholders' Meeting of May 31, 2023, Publicis Groupe S.A. paid a dividend on July 5, 2023 of euro 2.90 per share, fully paid in cash.

An amount of euro 726 million was recognized as a liability at June 30, 2023, under "Other creditors and current liabilities".

Note 14 Provisions for liabilities and charges and contingent liabilities

(in millions of euros)	Restructuring	Vacant property provisions[1]	Pensions and other long-term benefits	Risks and litigation	Other provisions	Total
December 31, 2022	**55**	**79**	**264**	**261**	**136**	**795**
Increases	28	33	25	9	9	104
Releases with usage	(30)	(8)	(11)	(1)	(2)	(52)
Other releases	(3)	(4)	-	-	(16)	(23)
Change in scope	-	-	-	-	-	-
Actuarial losses (gains)	-	-	6	-	-	6
Foreign exchange and others	(1)	7	(3)	-	(2)	1
June 30, 2023	**49**	**107**	**281**	**269**	**125**	**831**
Of which short-term	43	50	20	97	68	278
Of which long-term	6	57	261	172	57	553

(1) See Note 5.

Metrobus/"Autorité de la concurrence"

In April 2022, the Groupe received a notification of grievances from the competition Authority in relation to practices implemented in the outdoor advertising sector in France. The procedure is ongoing.

Publicis Health LLC – Contingent liability

On May 6, 2021, the Attorney General for the Commonwealth of Massachusetts filed a lawsuit against Publicis Health, LLC, a subsidiary of Publicis Groupe, in connection with the work that the agency and its predecessor agencies did for Purdue Pharma from 2010 to 2018 related to the marketing of opioids. The Attorney General claims that Publicis violated the Massachusetts consumer protection statute and created a public nuisance by participating in Purdue Pharma's efforts to market and sell opioids. In August 2022, Publicis Health, LLC was also named in several lawsuits, which are the subject of a single proceeding before the California court. The lawsuits were filed by tribes and local governments and concern the work that Publicis Health, LLC and its predecessor agencies performed for Purdue Pharma in connection with the marketing of opioids. Publicis considers these lawsuits, and the lawsuit filed by the Massachusetts Attorney General, to be unfounded.

On November 3, 2022, the Attorneys General of nine states (California, Colorado, Connecticut, Idaho, Oregon, New York, North Carolina, Tennessee, and Vermont) advised that they considered Publicis Health, LLC to have legal exposure related to its work for opioid manufacturers, including Purdue Pharma. Publicis is still in discussions with these public prosecutors. Publicis does not know how these discussions may evolve and continues to believe that any claims that may be brought would be unfounded.

Actuarial assumptions (weighted average rates)

The provision for pensions was discounted as of June 30, 2023 on the basis of discount rates calculated using yields of long-term investment grade corporate bonds (minimum AA rating) with maturities equivalent to the length of the plans assessed. They were determined on the basis of external indices commonly used as a reference.

	Pension plans				Post-employment medical cover	
June 30, 2023	**United States**	**United Kingdom**	**Euro zone**	**Other Country**	**United States**	**United Kingdom**
Discount rate	4.74%	5.20% – 5.35%	3.60%	0.80% – 6.75%	4.74%	5.20% – 5.35%

	Pension plans				Post-employment medical cover	
December 31, 2022	**United States**	**United Kingdom**	**Euro zone**	**Other Country**	**United States**	**United Kingdom**
Discount rate	4,85%	4,70% - 4,85%	3,75%	1% - 7,10%	4,85%	4,70% - 4,85%

Note 15 Financial liabilities

(in millions of euros)	June 30, 2023	December 31, 2022
Bonds (excl. accrued interest)	3,340	3,338
Other debt	370	278
Total financial liabilities	**3,710**	**3,616**
Of which short-term	**625**	**627**
Of which long-term	**3,085**	**2,989**

/ Change in financial liabilities

(in millions of euros)	December 31, 2022	Cash outflows	Changes excl. cash outflows: Acquisitions	Changes excl. cash outflows: Exchange rate fluctuations	Changes excl. cash outflows: Changes in fair value	June 30, 2023
Eurobond 0.5% – November 2023 (EIR 0.741%)[1]	499	-	-	-	1	500
Eurobond 1.625% – December 2024 (EIR 1.732%)[1]	601	-	-	-	-	601
Eurobond 0.625% – June 2025 (EIR 0.781%)[1]	747	-	-	-	1	748
Eurobond 1.25% – June 2028 (EIR 1.329%)[1]	747	-	-	-	-	747
Eurobond 1.75% – June 2031 (EIR 1.855%)[1]	744	-	-	-	-	744
Bonds (excl. accrued interest)	**3,338**	**-**	**-**	**-**	**2**	**3,340**
Debt related to earn-out commitments	**185**	**(37)**	**160**	**(2)**	**6**	**312**
Debt related to commitments to buy-out non-controlling interests	**30**	**(2)**	**-**	**-**	**-**	**28**
Accrued interest	48	(85)	-	(1)	49	11
Other borrowings and credit lines[3]	14	2	3	-	-	19
Bank overdrafts	1	(1)	-	-	-	0
Other financial liabilities	**63**	**(84)**	**3**	**(1)**	**49**	**30**
Total financial liabilities	**3,616**	**(123)**	**163**	**(3)**	**57**	**3,710**
Fair value of derivative hedging on the 2025, 2028 and 2031 Eurobonds[2]	260	-	-	-	(66)	194
Fair value of derivative hedging on intra-group loans and borrowings[2]	106	26	-	-	(128)	4
Total liabilities related to financing activities	**3,982**	**(97)**	**163**	**(3)**	**(137)**	**3,908**

(1) Net of issuance costs and premiums. The number of securities as of June 30, 2023 was 5,000 for the 2023 Eurobond, 6,000 for the 2024 Eurobond, 7,500 for the 2025 Eurobond, 7,500 for the 2028 Eurobond and 7,500 for the 2031 Eurobond. The Effective Interest Rate (EIR) is given before the effects of the swaps.
(2) Carried under "Other receivables and current assets" and/or under "Other creditors and current liabilities" on the consolidated balance sheet.
(3) Cash flows net of inflows and outflows during the period.

Bonds

Bonds and medium-term loan used to finance the acquisition of Epsilon

A euro 2.25 billion bond was issued on June 5, 2019 to finance the acquisition of Epsilon. It was issued in three tranches of euro 750 million each, at a fixed rate and in euros, each swapped into US dollars at a fixed rate. These bonds mature in June 2025, June 2028 and June 2031 respectively.

The swaps were qualified as cash flow hedges of the financing of the Epsilon acquisition. The fair value of these swaps was booked in the balance sheet under "Other current receivables and current assets" and/or "Other creditors and current liabilities". The change in the fair value of these instruments is booked in "Other comprehensive income" and transferred to the income statement as interests on bond are recognized and the variation in the liabilities in US dollars. At June 30, 2023, the fair value of these derivative instruments was booked in consolidated balance sheet liabilities for euro 194 million (compared to euro 260 million at December 31, 2022 in consolidated balance sheet liabilities).

Other bonds

The other Publicis Groupe S.A. bonds are issued at a fixed rate and denominated in euros.

/ Analysis by date of maturity

	June 30, 2023						
		Maturities					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	3,340	500	1,349	-	-	747	744
Debt related to earn-out commitments	312	91	89	113	15	5	-
Debt related to commitments to buy-out non-controlling interests	28	13	13	2	-	-	-
Other financial liabilities	30	22	8	-	-	-	-
Total financial liabilities	**3,710**	**626**	**1,459**	**115**	**15**	**752**	**744**
Fair value of derivatives	198	4	41	-	-	66	87
Total liabilities related to financing activities	**3,908**	**630**	**1,500**	**115**	**15**	**818**	**831**

/ Analysis by currency

(in millions of euros)	June 30, 2023	December 31, 2022
Euros[1]	3,391	3,373
US dollars	261	170
Other currencies	58	73
Total financial liabilities	**3,710**	**3,616**

(1) Including euro 2,250 million in Eurobonds swapped to US dollars at June 30, 2023 (euro 2,250 million at December 31, 2022).

Analysis by interest rate type

Financial liabilities are comprised of fixed-rate loans representing 99.7% of gross debt (excluding liabilities for acquisitions of long-term equity investments and commitments to buy-out non-controlling interests) at June 30, 2023 and variable rate loans for the remaining 0.3%.

Exposure to liquidity risk

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) for a total of euro 3,682 million as of June 30, 2023 and undrawn confirmed credit facilities representing a total of euro 2,000 million as of June 30, 2023; this is a multi-currency syndicated loan of euro 2,000 million, maturing in 2024. This credit facility has been renewed until 2026 up to euro 1,579 million. These immediately or almost immediately available sums allow the Groupe to meet its general funding requirements.

The bonds issued by the Groupe and the syndicated medium-term loan, which make up the bulk of its debt excluding bank overdrafts, are not subject to any financial covenants. They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of euro 25 million.

The Groupe has not established any credit derivatives to date.

Note 16 Lease contracts

/ Analysis of right-of-use assets by category of underlying assets

(in millions of euros)	Real Estate	Outdoor contracts	Other Assets	Total
Gross values at January 1, 2023	**1,946**	**637**	**50**	**2,633**
Addition of assets[1]	94	18	4	116
Terminations or end of contracts	(102)	(12)	(17)	(131)
Impacts of sub-leasing[2]	-	-	-	-
Change in scope	-	-	-	-
Foreign exchange and others	(17)	-	(1)	(18)
Gross values at June 30, 2023	**1,921**	**643**	**36**	**2,600**
Accumulated amortization and depreciation at January 1, 2023	**(744)**	**(106)**	**(30)**	**(880)**
Amortization & depreciation	(99)	(46)	(6)	(151)
Impairment losses	(36)	-	-	(36)
Terminations or end of contracts	102	12	17	131
Impacts of sub-leasing[2]	-	-	-	-
Change in scope	-	-	-	-
Foreign exchange and others	7	-	-	7
Accumulated amortization and depreciation at June 30, 2023	**(770)**	**(140)**	**(19)**	**(929)**
Net values at June 30, 2023	**1,151**	**503**	**17**	**1,671**

(1) The additions of assets relating to concession agreements are linked to outdoor advertising activities.
(2) Those impacts relate mainly to sub-lease contracts, which have been fully effective during the period; the net right-of-use values have been reclassified to "Other financial assets" for the long-term part and to "Other receivables and current assets" for the short-term part.

/ Analysis of lease liabilities

(in millions of euros)	December 31, 2022	Cash outflows[1]	Changes excl. cash outflows: Offset under right-of-use assets	Short-term – long-term reclassification	Effect of translation and others	June 30, 2023
Lease liabilities – short-term	360	(177)	-	170	-	353
Lease liabilities – long-term	2,197	-	116	(170)	(19)	2,214
Total lease liabilities	**2,557**	**(177)**	**116**	**-**	**(19)**	**2,477**

(1) Repayments of lease liabilities represent euro (168) million in the consolidated statement of cash flows, of which euro (177) million in respect of leases and euro 9 million of proceeds from sub-leases.

Interest expense on lease liabilities

For the first-half 2023, the interest expense on lease liabilities was euro 39 million (see Note 7). For the first-half 2022, the interest expense was euro 45 million.

Expenses relating to variable lease payments not taken into account in the measurement of the lease obligation

The advertising network contracts, which began in January 2022, include fixed fees (guaranteed minimums) and variable fees above a certain level of activity. Fixed fees are taken into account in the lease liability, while variable fees are expensed directly. For the first-half 2023, the variable lease expenses were euro 8 million *versus* euro 31 million at June 30, 2022.

Repayment schedule of lease liabilities

	At June 30, 2023					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	+4 years
Cash outflows relating to lease liabilities	**3,149**	**408**	**421**	**387**	**320**	**1,613**

Note 17 Commitments

	June 30, 2023			
		Maturities		
(in millions of euros)	Total	-1 year	1-5 years	+5 years
Commitments given				
Guarantees(1)	191	35	93	63
Total	**191**	**35**	**93**	**63**
Commitments received				
Undrawn confirmed credit lines	2,000	421	1,579	-
Other commitments	7	6	-	1
Total	**2,007**	**427**	**1,579**	**1**

(1) At June 30, 2023, guarantees included euro 73 million of guarantees granted to Italian tax authorities as part of the recovery of VAT receivables and payables; commitments to pay euro 38 million into innovation mutual funds by 2031 and guarantees of euro 13 million relating to media-buying operations.

Other commitments

As part of the disposal of MMS Communication LLC during financial year 2022, the Groupe reached an agreement to buy back 100% of the Company's share capital. This option is subject to a return to normal operating conditions, taking into account a five-year exercise period starting on March 28, 2024. This period may be extended to 12 years, at the sole discretion of Publicis Groupe.

Given the current conditions, this call option has an insignificant value at the closing date.

The Groupe holds a call option on the remaining 50.11% of the share capital of Core 1 WML, a media agency based in Ireland. The call option is valued at the market price according to the multiples method applied to the operating margin before amortization and depreciation (as for the acquisition of 33.7% of the share capital of Core 1 WML carried out in 2022). As the control premium does not represent a significant value, this call option has a zero value and is therefore not recognized in the financial statements as of June 30, 2023.

As of June 30, 2023, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments, in accordance with currently applicable accounting standards.

Note 18 Operating segment information

Information by business sector

The Publicis Groupe structure has been developed to provide the Groupe's clients with comprehensive, holistic communication services involving all disciplines.

The Groupe has identified operating segments that correspond to key markets (countries or regions). These countries or regions are each run or supervised by a single person and overseen day-to-day by a single Executive Committee, bringing together members with a wide range of expertise. They are thus structured to offer our clients a broad-based solution that meets their needs.

The Groupe has therefore identified operating segments corresponding to the geographic regions in which it operates: United States, Canada, United Kingdom, France, DACH (Germany, Austria and Switzerland), Asia-Pacific, Middle East & Africa, Central and Eastern Europe, Western Europe and Latin America.

Those operating segments with similar economic characteristics (similar margins), or where the nature of services provided to clients and the type of clients at which they are aimed are similar, have been grouped into five reporting segments: North America, Europe, Asia-Pacific, Middle East & Africa and Latin America.

Reporting by region

The presentation of financial information based on the new operating segments results in the same level of information being presented as by geographic region.

/ First-half 2023

(in millions of euros)	Europe	North America	Asia-Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[1]	**1,552**	**3,893**	**550**	**144**	**179**	**6,318**
Revenue[1][2]	1,861	4,193	662	155	234	7,105
Depreciation and amortization expense (excluding acquired intangibles)	(100)	(103)	(29)	(6)	(4)	(242)
Operating margin	**253**	**723**	**95**	**4**	**18**	**1,093**
Amortization of intangibles from acquisitions	(15)	(118)	(5)	(2)	(2)	(142)
Impairment loss	(2)	(103)	(7)	-	-	(112)
Other non-current income and expenses	-	4	-	-	-	4
Operating income after impairment	**236**	**506**	**83**	**2**	**16**	**843**
Balance sheet items						
Intangible assets, net[3]	2,071	9,950	1,174	148	387	13,730
Property, plant and equipment, net (including right-of-use assets on leases)[3]	1,135	924	144	27	23	2,253
Other financial assets[3]	200	113	30	7	1	351
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(29)	(40)	(3)	(2)	(1)	(75)
Purchases of investments and other financial assets, net	(8)	(1)	-	(1)	-	(10)
Acquisitions of subsidiaries	(23)	(68)	(14)	(52)	(1)	(158)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.
(2) In Europe, revenue for first-half 2023 was euro 1,861 million, of which euro 512 million in France. In North America, revenue for first-half 2023 was euro 4,193 million, of which euro 4,035 million in the United States.
(3) At June 30, 2023, net intangible assets amounted to euro 13,730 million, of which euro 395 million in France and euro 9,477 million in the United States. Net property, plant and equipment amounted to euro 2,253 million, of which euro 761 million in France and euro 896 million in the United States. Other financial assets amounted to euro 351 million, of which euro 174 million in France and euro 154 million in the United States.

/ Financial year 2022

(in millions of euros)	Europe	North America	Asia-Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[1]	**2,879**	**7,869**	**1,176**	**289**	**359**	**12,572**
Revenue[1][2]	3,531	8,466	1,441	311	447	14,196
Depreciation and amortization expense (excluding acquired intangibles)	(212)	(233)	(66)	(13)	(11)	(535)
Operating margin	**463**	**1,478**	**249**	**25**	**51**	**2,266**
Amortization of intangibles from acquisitions	(29)	(240)	(11)	(3)	(4)	(287)
Impairment loss	(2)	(64)	(13)	(30)	-	(109)
Other non-current income and expenses	(86)	(17)	-	-	-	(103)
Operating income after impairment	**346**	**1,157**	**225**	**(8)**	**47**	**1,767**
Balance sheet items						
Intangible assets, net[3]	2,033	9,976	1,224	152	408	13,793
Property, plant and equipment, net (including right-of-use assets on leases)[3]	1,164	962	183	27	27	2,363
Other financial assets[3]	202	155	30	6	1	394
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(57)	(115)	(17)	(6)	(3)	(198)
Purchases of investments and other financial assets, net	(2)	6	4	-	3	11
Acquisitions of subsidiaries	(180)	(239)	(79)	(20)	(5)	(523)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.

(2) In Europe, revenue for 2022 was euro 3,531 million, of which euro 1,026 million in France. In North America, revenue for 2022 was euro 8,466 million, of which euro 8,129 million in the United States.

(3) At December 31, 2022, net intangible assets amounted to euro 13,793 million, of which euro 390 million in France and euro 9,501 million in the United States. Net property, plant and equipment amounted to euro 2,363 million, of which euro 791 million in France and euro 921 million in the United States. Other financial assets amounted to euro 394 million, of which euro 174 million in France and euro 155 million in the United States.

/ First-half 2022

(in millions of euros)	Europe	North America	Asia-Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue[1]	**1,371**	**3,660**	**550**	**127**	**165**	**5,873**
Revenue[1][2]	1,632	3,911	665	135	204	6,547
Depreciation and amortization expense (excluding acquired intangibles)	(108)	(117)	(33)	(6)	(5)	(269)
Operating margin	**183**	**702**	**115**	**9**	**9**	**1,018**
Amortization of intangibles from acquisitions	(14)	(114)	(6)	(1)	(2)	(137)
Impairment loss	(7)	(25)	(12)	-	-	(44)
Other non-current income and expenses	(87)	11	-	-	-	(76)
Operating income after impairment	**75**	**574**	**97**	**8**	**7**	**761**
Balance sheet items						
Intangible assets, net[3]	2,023	10,392	1,252	190	417	14,274
Property, plant and equipment, net (including right-of-use assets on leases)[3]	1,256	1,052	190	32	29	2,559
Other financial assets[3]	223	133	30	6	1	393
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(24)	(46)	(10)	(3)	(1)	(84)
Purchases of investments and other financial assets, net	6	6	5	-	1	18
Acquisitions of subsidiaries	(331)	(39)	(28)	-	(2)	(400)

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), there are no eliminations between the different zones.
(2) In Europe, revenue for first-half 2022 was euro 1,632 million, of which euro 500 million in France. In North America, revenue for first-half 2022 was euro 3,911 million, of which euro 3,749 million in the United States.
(3) At June 30, 2022, net intangible assets amounted to euro 14,274 million, of which euro 382 million in France and euro 9,879 million in the United States. Net property, plant and equipment amounted to euro 2,559 million, of which euro 860 million in France and euro 1,024 million in the United States. Other financial assets amounted to euro 393 million, of which euro 195 million in France and euro 133 million in the United States.

Note 19 Publicis Groupe S.A. stock option and free share plans

Presentation of the new free share plans for 2023

Six free share plans were created in the first-half 2023, with the following features:

Long-term incentive plan known as the "LTIP 2023" (March 2023)

Under this plan, a certain number of Groupe managers were granted free shares, subject to three conditions:

- a presence condition, during the three-year vesting period;
- conditions for achieving the Groupe's revenue growth and profitability targets for 2023, compared to a reference group including Publicis Groupe and the other three main global communications groups (Omnicom, WPP and IPG);
- conditions based on progress made on the CSR (corporate social responsibility) policy, in the area of both Diversity, Equity and Inclusion and on the plan to combat climate change, for which indicative interim points have been set. At the end of 2023, the percentage of women in key management positions as well as the percentage change in integration of renewable energies in the Groupe will be assessed against targets set.

The shares ultimately awarded in accordance with the level of achievement of these targets will be deliverable at the end of a three-year period, i.e. in March 2026.

Long-term incentive plans known as the "LTIP 2023 Members of the Directoire" (March and May 2023) and "LTIP 2023 Président du Directoire" (March and May 2023)

Under the LTIP 2023 Members of the Directoire plan, members of the Management Board were granted free shares, subject to three conditions:

- a presence condition, during the three-year vesting period;
- conditions for achieving the Groupe's revenue growth and profitability targets over the entire 2023 to 2025 period, compared to a peer group including Publicis Groupe and the other three main global communications groups (Omnicom, WPP and IPG);
- conditions based on progress made on the CSR (corporate social responsibility) policy, in the area of both Diversity, Equity and Inclusion and on the plan to combat climate change, for which indicative interim points have been set. At the end of 2025, the percentage of women in key management positions as well as the percentage change in integration of renewable energies in the Groupe will be assessed against targets set.

The shares ultimately awarded in accordance with the level of achievement of these conditions will be deliverable at the end of a three-year period, i.e. in March 2026. Following the change in the compensation policy adopted by the General Shareholders' Meeting of May 31, 2023 for one member of the Management Board, additional shares were allocated on May 31, 2023, deliverable in June 2026.

The LTIP 2023 Président du Directoire plan provides for the same conditions as the LTIP 2023 Members of the Directoire plan, plus a market condition based on the TSR (Total Shareholder Return) comparing that of Publicis Groupe with that of the median of the CAC40. In addition, in accordance with the change in the compensation policy adopted by the General Shareholders' Meeting of May 31, 2023, outperformance shares were allocated on May 31, 2023. These outperformance shares are subject to criteria for achieving the Groupe's revenue growth and profitability targets over the entire 2023 to 2025 period, compared to the aforementioned peer group, plus a Groupe internal operating margin target.

Retention contract for the Chairman of the Management Board

A retention contract has been put in place for the Chairman of the Management Board. The contract was approved by the Compensation Committee on March 7, 2023, then by the Supervisory Board on March 8 and April 19, 2023. The compensation policy, including the retention contract, was approved at the General Shareholders' Meeting of May 31, 2023. The Management Board granted the shares under the retention contract on May 31, 2023.

The contract provides for a presence condition of five years from January 1, 2023, with the Chairman of the Management Board scheduled to remain in office until December 31, 2027. At the end of this period, he would receive a number of shares equal to two years of fixed compensation per year of presence over the whole five-year period, i.e. the equivalent of ten years of fixed compensation.

Long-term incentive plan known as the "LTI Epsilon March 2023 Plan" (March 2023)

The plan, set up for the exclusive benefit of Publicis Epsilon managers and employees, includes three tranches subject to a presence condition for 20% and financial performance conditions for 80% in respect of 2023. They are deliverable in March 2024 (30% of shares), March 2025 (30% of shares) and March 2026 (40% of shares).

Long-term incentive plan known as the "Sapient 2023 Plan" (April and June 2023)

The plan, put in place for the exclusive benefit of Publicis Sapient managers and employees, is made up of two tranches:

- the first tranche is subject only to a presence condition and gives rise to the delivery of one-fourth of the shares awarded on the yearly anniversary date during the four first years of the plan (i.e. in April or June 2024, 2025, 2026 and 2027 based on the grant date);
- in addition to the presence condition, the second tranche is subject to financial performance criteria, and the total number of shares delivered shall depend on the level of financial targets achieved for 2023. Delivery will take place at the end of a three-year period, in April or June 2026, based on the grant date.

Performance measurement of previous plans

In addition, the performance of the Publicis Sapient LTI 2020, Publicis Sapient LTI 2022, Epsilon LTI 2022 and LTIP 2022 plans was measured in February and March 2023: the rate of achievement of performance targets for 2022 was 100% for all these plans.

Publicis Groupe share subscription or stock option plans

/ Characteristics of Publicis Groupe stock option plans outstanding as of June 30, 2023

Plans	Type(1)	Date of grant	Option exercise price (in euros)	Options outstanding at January 1, 2023	Options cancelled, lapsed or transferred in the first-half 2023	Options exercised in the first-half 2023	Options outstanding at June 30, 2022	Of which exercisable at June 30, 2023	Exercise deadline	Remaining contract life (in years)
Lionlead 2 stock options	A	04/30/2013	52.76	560,148	-	(560,148)	-	-	05/02/2023	-

(1) A = stock options - S = share subscription options.

As of June 30, 2023, there were no more stock option plans to be exercised.

Original Publicis Groupe free share plans

/ Characteristics of Publicis Groupe free share plans outstanding at June 30, 2023

Plans	Date of initial grant	Shares yet to vest as of January 1, 2023 or shares granted in 2023	Shares canceled, lapsed or transferred[1] in the first-half 2023	Shares vested in the first-half 2023	Shares yet to vest at June 30, 2023	Delivery date	Remaining contract life (in years)
Sapient 2019 Plan (4 years)	05/28/2019	42,407	(67)	(42,340)	-	05/28/2023	-
Special Retention Plan 2019[2]	11/15/2019	393,895	-	-	393,895	03/19/2025	1.72
Sapient 2020 Plan (4 years)	05/19/2020	92,903	(3,500)	(44,658)	44,745	05/19/2024	0.89
Sapient 2020 Plan (3 years)	05/19/2020	266,612	(10,500)	(256,112)	-	05/19/2023	-
LTI Epsilon 2020 Plan	07/20/2020	213,373	(2,962)	(210,411)	-	03/31/2023	-
LTIP 2021 Plan and other specific plans[3]	03/16/2021	419,726	(5,510)	-	414,216	03/16/2024	0.71
LTIP 2021 Directoire Plan	03/16/2021	151,577	-	-	151,577	03/16/2024	0.71
LTI Epsilon 2021 Plan	03/16/2021	401,970	(12,647)	(169,595)	219,728	03/31/2024	0.75
Sapient 2021 Plan (4 years)	04/13/2021	160,399	(4,133)	(52,156)	104,110	04/13/2025	1.79
Sapient 2021 Plan (3 years)	04/13/2021	320,648	(8,322)	-	312,326	04/13/2024	0.79
LTIP 2022 Plan and other specific plans[3] [4]	03/18/2022	626,771	(10,348)	-	616,423	03/19/2025	1.72
LTIP 2022 Directoire Plan	03/18/2022	78,004	-	-	78,004	03/19/2025	1.72
LTIP 2022 Président du Directoire Plan[5]	05/25/2022	62,043	-	-	62,043	05/26/2025	1.91
LTI Epsilon 2022 Plan	03/18/2022	440,844	(9,830)	(131,688)	299,326	03/31/2025	1.75
LTI Epsilon 2022 Plan 2022 (september)	09/14/2022	70,882	(2,166)	-	68,716	09/30/2025	2.25
Sapient 2022 Plan (4 years)	04/11/2022	239,025	(4,045)	(58,785)	176,195	04/11/2026	2.78
Sapient 2022 Plan (3 years)	04/11/2022	358,542	(6,254)	-	352,288	04/11/2025	1.78
LTIP 2023 Plan	03/16/2023	756,482	-	-	756,482	03/17/2026	2.71
LTIP 2023 Members of the Directoire[6]	03/16/2023	36,694	-	-	36,694	06/01/2026	2.92
LTIP 2023 Président du Directoire Plan[7]	03/16/2023	57,005	-	-	57,005	06/01/2026	2.92
Retention contract Chairman of the Management Board	05/31/2023	167,000	-	-	167,000	01/02/2028	4.51
LTI Epsilon 2023 Plan	03/16/2023	389,852	(5,590)	-	384,262	03/31/2026	2.75
Sapient 2023 Plan (4 years)[8]	04/17/2023	283,609	(750)	-	282,859	06/13/2027	3.96
Sapient 2023 Plan (3 years)[8]	04/17/2023	425,437	(1,125)	-	424,312	06/13/2026	2.96
Total free share plans		**6,455,700**	**(87,749)**	**(965,745)**	**5,402,206**		

(1) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.
(2) The shares of the second and third tranches are those granted respectively under the LTIP 2021 plan and LTIP 2022 plan to the initial beneficiaries. The delivery date of the initial plan (March 31, 2023) was extended and aligned with that of the LTIP 2021 and LTIP 2022 plans.
(3) Excluding beneficiaries of the Special Retention Plan whose shares are presented on the line corresponding to the initial plan, the second and third tranches of which have been replaced by the LTIP 2021 and LTIP 2022 plans respectively.
(4) Grant date: October 17, 2022 and delivery date: March 19, 2025 for the specific individual plan.
(5) The initial grant of shares took place on March 18, 2022 but additional shares were granted on May 25, 2022 following the decisions of the General Shareholders' Meeting and performance conditions of the plan were amended at the same date.
(6) The initial grant of shares took place on March 16, 2023 but additional shares were granted on May 31, 2023 following the change in the compensation policy adopted by the General Shareholders' Meeting of May 31, 2023 for one member of the Management Board.
(7) The initial grant of shares took place on March 16, 2023 but additional outperformance shares were granted on May 31, 2023 following the decisions of the General Shareholders' Meeting and performance conditions of the plan were amended at the same date.
(8) The initial grant of shares took place on April 17, 2023 but additional shares were granted on June 13, 2023 following the decisions of the General Shareholders' Meeting. As a result, the delivery date of the plan has been extended and aligned with the date of the additional grant.

The delivery of free shares under the above plans is subject to a presence condition throughout the vesting period.

Delivery is also subject to non-market performance conditions for all plans, as well as a market condition only for the LTIP 2022 Président du Directoire and LTIP 2023 Président du Directoire plans.

/ Movements in Publicis Groupe free share plans in the first-half 2023

	First-half 2023
Shares yet to vest as of January 1, 2023	4,339,621
Shares granted under plans implemented in the first-half	2,116,079
Deliveries of shares in the first-half	(965,745)
Shares granted and lapsed in the first-half	(87,749)
Provisional grants as of June 30, 2023	**5,402,206**

/ Determination of the fair value of Publicis Groupe free shares granted in the first-half 2023

Free shares	LTIP 2023[(1)]	LTIP 2023 Members of the Directoire[(2)]	LTIP 2023 Président du Directoire[(2)]	Retention contract Chairman of the Management Board	LTI Epsilon March 2023[(1)]	Sapient 2023 (4 years)	Sapient 2023 (3 years)[(1)]
Date of Management Board meeting	03/16/2023	03/16/2023 05/31/2023	03/16/2023 05/31/2023	05/31/2023	03/16/2023	04/17/2023 06/13/2023	04/17/2023 06/13/2023
Number of shares originally granted	756,482	36,694	57,005	167,000	389,852	283,609	425,437
Initial valuation of shares granted (weighted average, in euros)	72.14	71.95	71.84	70.06	72.14	73.26	73.26
Share price on the grant date (in euros)	63.01	62.81	60.31	54.14	65.84	65.68	64.14
Vesting period (in years)	3	3	3	5	1 to 3	1 to 4	3

(1) Conditional shares subject to the achievement of targets set for 2023.
(2) Conditional shares subject to the achievement of targets set for the years 2023 to 2025.

Effect of share subscription or stock option plans and free share plans on profit (loss)

The total impact of these plans on the first-half 2023 interim income statement was euro 41 million (excluding taxes and social security charges) compared to euro 30 million for the first-half 2022.

With regard to the free share plans granted subject to performance conditions (non-market), and whose performance has not yet been definitively measured as of June 30, 2023, the probability of meeting the targets set in respect of the financial statements for the first-half 2023 has been estimated as follows:

- for performance plans measured over a one-year period, in respect of 2023 performance: 100%;
- for performance plans measured over three years, regarding the performance of the three-year period and concerning plans implemented for the Chairman and members of the Management Board (LTIP 2021 Directoire, LTIP 2022 Members of the Directoire, LTIP 2022 *Président du Directoire*, LTIP 2023 Members of the Directoire and LTIP 2023 *Président du Directoire* plans): 100%.

Note 20 Information on related-party transactions

During the first-half 2023, related-party transactions as described in the annual financial statements continued.

Note 21 Subsequent events

None.

CHAPTER

3 STATUTORY AUDITORS' REVIEW REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

This is a translation into English of the auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Publicis Groupe S.A., for the period from January 1 to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibilty of the Management board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the Financial Statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with the IAS 34 standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject of our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 20, 2023

The statutory auditors

French original signed by

KPMG S.A.		ERNST & YOUNG et Autres	
Marie Guillemot	Nicolas Poncet	Claire Cesari-Walch	Nicolas Pfeuty

CHAPTER

4 CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE FIRST HALF-YEAR FINANCIAL REPORT

As Chairman of the Management Board of Publicis Groupe, I hereby certify that, to the best of my knowledge, the consolidated interim financial statements for the six months ended on June 30, 2023 were prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company as well as the entities consolidated by Publicis Groupe and that the here enclosed interim management report provides a true and fair schedule of the highlights of the first half of the financial year and of their impact on the financial statements, of the main transactions with related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Arthur Sadoun

Chairman & CEO of Publicis Groupe

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2023

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