



**HALF-YEAR
FINANCIAL
REPORT**

FOR THE SIX MONTHS
ENDED JUNE 30,

2022



**PUBLICIS
GROUPE**

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MESSAGE FROM THE CHAIRMAN OF THE MANAGEMENT BOARD



Arthur Sadoun
Chairman of the Management Board



2022 came in at an all-time high for the Groupe on all KPIs. Our reported net revenue growth in the first half was at +19.1%. It was up +10.4% on an organic basis, implying +11.3% on a 3-year basis, versus pre-pandemic levels.

After a strong start to the year, we recorded in Q2 an increase of +21% of our net revenue and an organic growth of +10.3%, way beyond expectations.

There are three reasons behind this remarkable performance, which comes on top of +17.1% organic growth in Q2 last year. First, very solid growth across all regions, with the U.S and Europe at +10%, and Asia at +6.5%, with China remaining positive despite the lockdowns. Second, further acceleration at Publicis Sapient and Epsilon which grew +19.1% and +13.7% respectively, confirming our ability to capture the shift of client investment towards data, technology and digital business transformation. Last but not least, we benefitted from the ramp-up of our New Business, after a record number of wins in 2021. Our momentum since the beginning of the year continues to place us at the top of the New Business rankings for the past 12 months, in the latest broker reports.

At the same time, our financial ratios reached new historic heights in the first half of the year thanks to the uniqueness of our operating model. Our margin came in at 17.3%, and headline EPS increased by close to 30%.

This performance, combined with our better visibility on a solid H2 and the strength of our model, make us confident for the future. We are therefore upgrading our guidance on all KPIs for 2022, with an organic growth now expected between +6% to +7% for 2022, an operating margin rate between 17.5% and 18% and a Free Cash Flow at least at euro 1.5 billion.

Looking ahead, we are ready to face the ongoing uncertainties caused by the macro-economic context, thanks to our unique capabilities to help our clients weather any potential challenges and by leveraging our agile platform organization to sustain industry-high financial ratios.

I would like to thank our clients for their trust, and our people for their incredible efforts, which have led us to these extremely strong results.

CHAPTER

1

INTERIM MANAGEMENT REPORT

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Publicis Groupe's Supervisory Board met on July 20, 2022, under the Chairmanship of Maurice Lévy, to examine the half-yearly accounts at June 30, 2022, presented by Arthur Sadoun, Chairman of the Management Board and Chief Executive Officer.

1.1 KEY FIGURES

(in millions of euros except per-share data and percentages)

	H1 2022	H1 2021	2022 vs. 2021
Data from the Income and Cash-Flow Statements			
Net revenue	5,873	4,931	+19.1%
Pass-through revenue	674	562	+19.9%
Revenue	6,547	5,493	+19.2%
EBITDA	1,287	1,052	+22.3%
<i>% of Net revenue</i>	21.9%	21.3%	+60bp
Operating margin	1,018	815	+24.9%
<i>% of Net revenue</i>	17.3%	16.5%	+80bp
Operating income	761	598	+27.3%
Net income attributable to the Groupe	537	414	+29.7%
Earnings Per Share (EPS)	2.15	1.68	+28.0%
Headline diluted EPS ⁽¹⁾	2.88	2.23	+29.1%
Free Cash Flow before change in working capital requirements	708	605	+17.0%

Data from the Balance sheet

	June 30, 2022	Dec. 31, 2021
Total assets	34,392	32,846
Equity attributable to holders of the parent company	9,314	8,588
Net debt (net cash)	464	76

(1) Net income attributable to the Groupe, after elimination of impairment charges, amortization of intangibles arising from 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 economy is expected to contract significantly in the second quarter of 2022. The health situation is not entirely a thing of the past, and the European geopolitical crisis has exacerbated pre-existing accelerating inflation trends. Developed countries are therefore facing an economic slowdown caused by a combined shock to demand (oil shock, inflation) and supply (shortages of components and qualified staff, logistical problems with China) coupled with a monetary policy that is now firming for the first time in years.

In the US, the economic situation shows signs of slowdown.

Q1 2022 annualized GDP was down 1.4% from Q4 2021 (albeit up 3.5% from Q1 2021) and, ahead of the release of data on Q2 GDP, question is whether the US are already experiencing a recession (defined as two consecutive quarters of GDP decline). This contraction in the economy is paradoxical in a country that is supposedly at full employment. However, the number of Americans in employment (151.7 million) has not yet returned to its pre-health crisis level (152.5 million). Supply-side problems persist, including the availability and delivery of certain industrial supplies. The end of large-scale government support compared to 2021 accounts for part of the slowdown in the first half of 2022. Leading indicators have turned downwards and reflect the deterioration in household and business sentiment. At 98.7, the consumer confidence index was below economists' expectations, and is down from 128.9 a year ago. The ISM Manufacturing index fell from 56.1 in May to 53 in June. It was at 63.7 in March 2021. The resurgence of inflation, which has exceeded 8% in the consumer price index and 6% in the core index, is weighing on household purchasing power. Consumption is resilient as households are again taking on debt to maintain their spending. However, the radical change in the Fed's monetary policy led to a sharp rise in administered and market rates and in the value of the dollar. For the time being, this upward movement in yields is mainly affecting stock prices but not the real estate market, which has thus far remained resilient. The risk of recession in the US economy has risen sharply, mainly because of its high degree of financialization which leaves it vulnerable to current monetary restrictions.

In the euro zone, the economic slowdown is clear. The rise in oil and gas prices and the war in Ukraine, which hit the entire second quarter, appear to be contributing to the general economic downturn. Logistical difficulties persist, including a shortage of electronic components for the automotive industry, which accounts for almost a third of the eurozone's industrial sector. The reported growth of 5.4% in euro zone GDP in the first quarter partly reflects the effects of the total

reopening of the economy, which was still suffering the effects of additional lockdowns in some countries at the end of 2021. Q2 growth is expected to be significantly lower. The latest leading European indicators are trending down: the consumer confidence index was published at -23.6, down sharply, whereas it was expected at -20.8; the Markit Composite PMI was published at 51.9 compared to forecasts of 54. The impact has been especially severe on Germany and Central Europe due to their dependence on Russian gas and exports to China. The sanctions adopted against Russia in the context of the Ukrainian conflict have not significantly affected the European economy as a whole. However, some businesses have suffered and will continue to suffer for several years to come. At monetary level, the inflationary surge, longer and stronger than expected, led the ECB to modify its monetary policy, which now aims to limit inflation. The consecutive increase in market rates is the largest in almost 30 years.

In the UK, the economic slowdown is more marked.

Inflation peaked at an annualized rate of 9.1% at the end of May. In April, industrial production fell 0.6% from the previous month in volume terms, while retail sales dropped 4.7% in May. As in mainland Europe, rising prices are becoming a major problem, undermining household purchasing power as well as corporates, which are still struggling with logistical problems and shortages of certain materials. The country's leading indicators have deteriorated sharply. The construction PMI fell from 56.4 in May to 52.6 in June; the general industry PMI reached 52.8 at the end of June, compared with 53.4 in May. The Bank of England had started to raise its rates earlier than the ECB, adding a further monetary constraint to the economic slowdown, which is essentially linked to the oil shock.

The Chinese economy is slowing down due to the country's health policy but could recover quickly.

The Chinese government has maintained its "zero Covid" policy in Q2, resulting in total lockdowns for several weeks in major economic regions such as Shanghai and Shenzhen. As such, first-quarter GDP growth, which reached 4.8% compared to Q1 2021, is expected to be cut by a factor of three in the second quarter, falling to a mere 1.5%. Besides the health situation, the Chinese economy has also suffered from the rise in oil prices. The change in consumer prices was limited to 2.1% at the end of May. The Markit/Caixin PMI services index rose sharply to 54.5 at the end of June compared to 41.4 in May, thanks to the end of lockdowns, suggesting a probable economic recovery in the second half. However, the health situation remains uncertain at the beginning of July.

1.3 GROUP CSR POLICY

Publicis Groupe continued to make progress on each of its major priorities.

1 – Diversity, Equity and Inclusion: the 3rd edition of “Pause for Action” in the United States on June 29, 2022 brought together more than 13,000 employees committed to sharing and acting on issues of inclusion, diversity and social justice. The data published on the diversity of our teams in the United States shows a positive evolution, even if it remains clear that efforts must be relentlessly pursued, as the Chairman of the Management Board, Arthur Sadoun, reminded us, particularly in terms of recruitment, retention and promotion.

Employee health remained a concern with the gradual return to face-to-face work in most of the countries gradually emerging from the pandemic. Employee protection is a priority in all entities, and local HR/Talent teams remain vigilant in combining telecommuting and return to the office to facilitate a hybrid work environment.

Marcel, Publicis Groupe’s internal platform has reached a 90% adoption rate and is central in several ways. On the one hand, it is the place for large-scale exchanges, where internal events such as “Pause for Action” or the quarterly plenary sessions led by the country managers and their leaders take place. On the other hand, with Marcel Classes, employees can access a constantly enriched training offer and are now offered individualized training paths with the implementation of the unique “Growth Dashboard” for each and every one, which evolves according to the needs of the Company or the technologies and expectations of the employees.

2 – Responsible Marketing: Our ALICE (Advertising Limiting Impacts & Carbon Emissions) tool is being deployed more and more widely, enabling teams to measure the carbon emissions of projects and campaigns carried out for clients, and above all, to implement solutions to reduce impacts as much as possible. ALICE allows all activities proposed to clients to be measured

(creation, production, media, technology, events...) in 100 countries, following the GHG Protocol method and with the support of Bureau Veritas on the calculation methodology and the updating of emission factors.

3 – Fight against climate change: the targets for 2030 & 2040 aligned with the 1.5° scenario have been further validated and strengthened following the methodological change at the end of 2021 of SBTi (Science Based Targets Initiative),

- 2030 - “Near-Term target” with a 50% reduction in Scopes 1+2+3 emissions, including the use of 100% direct renewable energy sources before 2030;
- 2040 - “Long-Term target” with a 90% reduction in emissions from scopes 1+2+3, integrating the use of carbon offsetting and sequestration for the residual impacts that cannot be reduced.

In addition, for the first time in Berlin, the **Women’s Forum** brought together 300 participants for a day of debates and workshops on the themes of gender equality in health, climate and peace. The “Call to Action” addressed to the leaders of the G7 countries contains ten recommendations on the absolute necessity of increasing gender equality and better integrating it into all political and economic decisions.

In mid-June 2022, **VivaTechnology** took place in a hybrid way with a physical event gathering more than 91,000 participants in Paris, with online sessions during three days gathering nearly 300,000 professionals around prestigious guests from Tech and start-ups. The VivaTech News channel passed the 4.3 million hits mark. In total, for this 6th edition, 400 million people in 140 countries were reached by this event, with a record 3 billion plus views on social networks.

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

1.4 SIGNIFICANT EVENTS OF THE PERIOD

On **March 8, 2022**, Publicis finalized the acquisition of **Tremend**, based in Bucharest (Romania), a fast-growing large independent software engineering company. Tremend currently reaches 60 million of its clients’ end users with its proven technology and will serve as the newest global delivery center in Europe for Publicis Sapient, expanding its Digital Business Transformation capabilities. With over 16 years of experience in product engineering, Tremend has 650 strong software engineering talent across high demand skills.

On **March 15, 2022**, Publicis announced its exit from **Russia**, by ceding the ownership of its agencies to local management. The Group handed over control of its Russian operations to Sergey Koptev, Founding Chairman of Publicis in Russia, with the clear contractual condition of ensuring a future for its 1,200 employees there. The Group stopped its business and investments in Russia, and the cession was effective immediately. Russia is deconsolidated from April 1, 2022. This cession resulted in a loss of euro 87 million in the half-year accounts.

On April 25, 2022, the 2021 Universal Registration Document was filed with the French Financial Markets Regulatory Authority (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).

In April 2022, Publicis announced that its Combined General Shareholders' Meeting would take place at 10.00 a.m. on May 25, 2022 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 13, 2022 and includes the agenda, draft resolutions and main terms of participation and voting at the Annual General Meeting. A corrective notice was published in the BALO on April 20 concerning the 3rd resolution relating to the dividend and specifying that the detachment date was set at July 4. The notice of the meeting was published in the BALO on May 6.

On May 3, 2022, Publicis announced the acquisition of **Profitero** a leading SaaS global ecommerce intelligence platform helping brands analyse and optimize their sales, marketing and operations performance across more than 700 retail websites around the world and 70 million products. Profitero's products, technology, and 300 employees will further scale and supercharge Publicis Groupe's existing commerce capabilities around the world.

On May 7, 2022, Publicis issued additional information concerning the 9th resolution, specifying the implementation of the additional pension plan for the Chairman of the Management Board where it had been decided to suspend its implementation for the year 2022. New features will be submitted for approval at the Group's next Shareholders' Meeting in 2023. As a result, the indication given in Chapter 3 of the 2021 Universal Registration Document, specifying that the effective date of the plan would be set at January 1, 2022, has lapsed.

On May 24, 2022, Publicis issued a complementary information related to the tax treatment of the dividend submitted to the vote of shareholders as proposed in the third resolution at the General Meeting of Publicis Groupe on May 25, 2022.

On May 25, 2022, Publicis held its Combined General Shareholder's Meeting. All resolution have been adopted, among which:

- the renewal of the term of office of Mrs. Élisabeth Badinter as a member of the Supervisory Board for a period of four years;
- the appointment of Mr. Tidjane Thiam as a member of the Supervisory Board for a term of four years;
- the compensation for 2021 and the compensation policies for 2022 of Corporate Officers;
- the payment of a dividend of euro 2.40 per share, up 20% compared to the dividend paid for fiscal year 2020. The payment was effective on July 6, 2022.

On June 14, 2022, Publicis announced the acquisition of **Wirecraft**, a digital product consultancy and technology company focused on China and APAC, with offices in Shanghai and Singapore. Wirecraft brings together over 100 local and international experts in technology, design, engineering, product management, consulting, and data, to help global brands create and launch digital products. Wirecraft delivers solutions across digital transformation, direct-to-consumer e-commerce and customer loyalty data.

1.5 ANALYSIS OF THE FINANCIAL SITUATION AND RESULT

Simplified consolidated income statement

(in millions of euros)	H1 2022	H1 2021	2022 vs. 2021
Net Revenue	5,873	4,931	+19.1%
Pass-through revenue	674	562	+19.9%
Revenue	6,547	5,493	+19.2%
Personnel costs	(3,888)	(3,174)	+22.5%
Other operating costs	(1,372)	(1,267)	+8.3%
Operating margin before depreciation and amortization	1,287	1,052	+22.3%
Depreciation and amortization expense (excluding acquisition-related intangible assets)	(269)	(237)	+13.5%
Operating margin	1,018	815	+24.9%
Percentage operating margin (% of Net revenue)	17.3%	16.5%	+80bp
Amortization of intangibles arising from acquisitions	(137)	(126)	+8.7%
Impairment/real estate transformation expense	(44)	(92)	-52.2%
Other non-recurring income (expenses)	(76)	1	-
Operating income	761	598	+27.3%
Financial income (expense)	(40)	(50)	-20.0%
Revaluation of earn-out costs	(4)	(5)	-20.0%
Income tax	(189)	(135)	+40.0%
Share of profit of associates	5	-	-
Net income	533	408	+30.6%
Of which minority interests	(4)	(6)	-
Net income attributable to the Group	537	414	+29.7%

Net revenue in Q2 2022

Publicis Groupe's net revenue in Q2 2022 was euro 3,073 million, up +21.0% from euro 2,539 million in 2021. Exchange rates had a positive impact of euro 229 million.

Acquisitions, net of disposals, accounted for an increase in net revenue of euro 21 million. Organic growth reached +10.3%.

/ Breakdown of Q2 2022 Net revenue by region

(in millions of euros)	Net revenue		Reported Growth	Organic Growth
	Q2 2022	Q2 2021		
North America	1,912	1,527	+25.2%	+10.3%
Europe	709	634	+11.8%	+10.1% ⁽¹⁾
Asia Pacific	289	253	+14.2%	+6.5%
Middle East & Africa	90	71	+26.8%	+15.3%
Latin America	73	54	+35.2%	+20.7%
Total	3,073	2,539	+21.0%	+10.3%

(1) Organic growth was +10.7% excluding Outdoor Media activities & the Drugstore.

North America net revenue was up +25.2% on a reported basis in Q2 2022, including a significant positive impact of the US dollar to Euro exchange rate. Organic growth in the region was +10.3%. In **the US**, organic growth came at +10.1%, confirming the country's strong dynamic in all its activities. Media posted double-digit growth, while Creative activities saw their net revenue grow in the high-single digits, with notably strong Production. Publicis Sapient grew +17.2% organically, as the demand for business transformation continued to accelerate. Epsilon grew +13.7% organically, as its Automotive division returned to positive territory, and with double-digit growth in all other divisions (Digital Media, Technology, Data). **Canada** was up +15.6% organically.

Net revenue in **Europe** was up by +11.8% on a reported basis. It was up by +10.1% on an organic basis, or +10.7% excluding the contribution of our Outdoor Media activities & the Drugstore. Organic growth in **the UK** was +15.5%, with a notable double-digit growth in Media and strong expansion at Publicis Sapient thanks to new business wins contribution. Organic growth in **France** was +9.3%⁽¹⁾ with strong growth in Media and at Publicis Sapient. **Germany** was up +6.5% organically with strong growth in Media and sequential improvement at Publicis Sapient, posting positive growth. **Central & Eastern Europe** grew +6.4% organically despite activity being stopped in **Ukraine**, thanks to double-digit growth in **Poland, Romania** and **Turkey**.

Net revenue in **Asia Pacific** was +14.2% on a reported basis, and +6.5% organically. Despite lockdowns in several cities, **China** was positive at +2.7% organic growth, supported by New Business. **India** and **Australia** and **New Zealand** were up strongly, particularly thanks to Media, and **Thailand** performed well again thanks to Publicis Sapient.

In **Middle East & Africa**, net revenue was up +26.8% on a reported basis, and +15.3% organically. Organic growth was largely driven by Creative activities, Publicis Sapient in the Middle-East and Media in Africa.

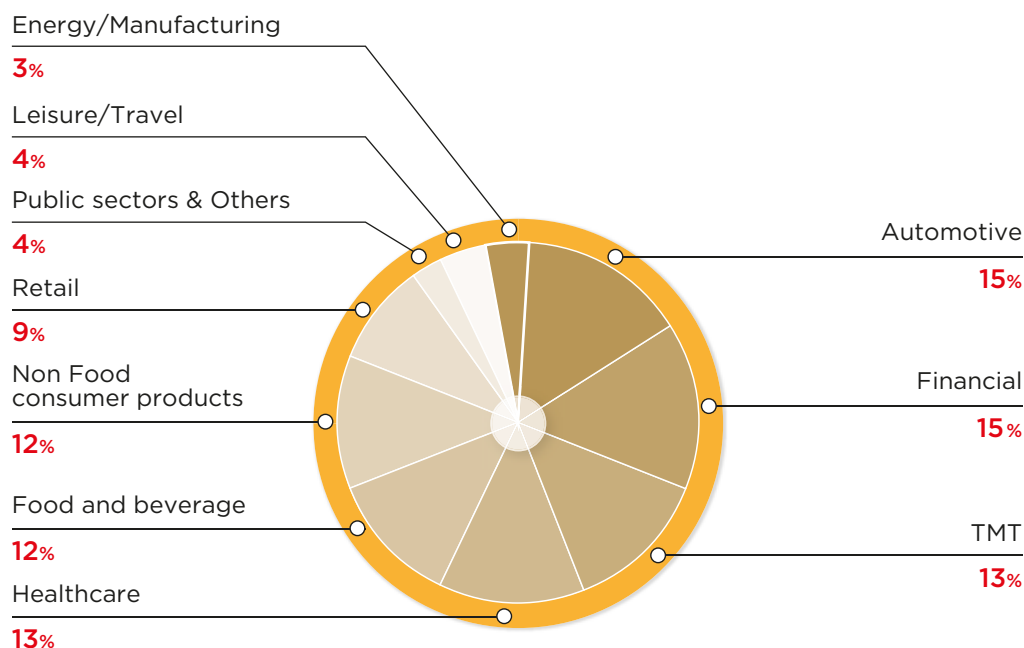
Net revenue in **Latin America** was up +35.2% on a reported basis, and +20.7% organically, with most countries reporting double-digit growth this quarter, largely driven by Media.

Net revenue in H1 2022

Publicis Groupe's net revenue for the first half 2022 was euro 5,873 million, up by +19.1% compared to euro 4,931 million in H1 2021. Exchange rate variations over the period had a positive impact of euro 354 million. Acquisitions (net of disposals) have a positive impact of euro 40 million on net revenue. Organic growth was +10.4% in H1 2022.

(1) +6.6% including Outdoor Media activities & the Drugstore.

/ Breakdown of H1 2022 net revenue by sector



On the basis of 3,267 clients representing 91% of Group net revenue.

/ Breakdown of H1 2022 net revenue by region

(in millions of euros)	Net revenue		Reported growth	Organic growth
	H1 2022	H1 2021		
North America	3,660	3,032	+20.7%	+9.3%
Europe	1,371	1,195	+14.7%	+12.3% ⁽¹⁾
Asia Pacific	550	470	+17.0%	+10.1%
Middle East & Africa	165	133	+24.1%	+14.5%
Latin America	127	101	+25.7%	+17.3%
Total	5,873	4,931	+19.1%	+10.4%

(1) Organic growth was +10.1% excluding Outdoor Media activities and the Drugstore.

Net revenue in **North America** was up by +9.3% on an organic basis in the first half (+20.7% on a reported basis including the positive impact of the US Dollar/Euro exchange rate). **The US** performed strongly at +9.1% organically reflecting a solid Q1 (+8.1%) and +10.1% in Q2.

Europe posted +12.3% organic growth in H1 (+14.7% 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 +10.1%. **The UK** was at +13.8% organic,

France at +10.7%⁽¹⁾, **Germany** at +3.9% and **Central & Eastern Europe** at +10.4%.

Asia Pacific net revenue was up by +10.1% on an organic basis (+17.0% reported). **China** reported an organic growth of +6.0%, **Australia and New Zealand** was up by +10.1% on an organic basis and **India** by +9.5%.

Net revenue in the **Middle East and Africa** region was up by +14.5% on an organic basis (+24.1% reported).

(1) Excluding Outdoor Media activities and the Drugstore.

Net revenue in **Latin America** was up by +17.3% on an organic basis (+25.7% reported). **Brazil** grew by +17.1% organically and **Mexico** was at +7.4%.

Operating margin & operating income

EBITDA (operating margin before depreciation and amortization) amounted to euro 1,287 million in H1 2022, compared with euro 1,052 million in 2021, up by 22.3%. The EBITDA margin is 21.9% of net revenue (+60 bp vs H1 2021).

- **Personnel costs** totaled euro 3,888 million at June 30, 2022, up by +22.5% from euro 3,174 million in H1 2021, as the Group continued to invest in its talent. As a percentage of net revenue, personnel expenses were 66.2% in H1 2022, versus 64.4% in H1 2021. Fixed personnel costs were euro 3,375 million and represented 57.5% of net revenue versus 56.4% in H1 2021. The cost of freelancers increased by euro 64 million in H1 2022, reflecting the strong activity uplift, representing euro 233 million. Restructuring costs were euro 30 million, up versus euro 12 million in H1 2021.

- **Other operating expenses** (excluding depreciation and amortization) amounted to euro 1,372 million, compared to euro 1,267 million in H1 2021. This represents 23.4% of net revenue compared to 25.7% in H1 2021, improving by 230 basis points. The agile structure of the Group allowed to contain G&A costs in a context of top line increase. In addition, the accounting treatment linked to the renewal of two large Outdoor Media contracts for five and ten years, resulting in a technical 80 basis points impact, entirely offset in depreciation; those contracts having been accounted for as cost of sales in 2021 and are now accounted for as right of use and lease liability and depreciation, according to IFRS 16.

Depreciation and amortization were euro 269 million in H1 2022, compared to 237 million in H1 2021, up by 13.5%, or euro 32 million. This rise reflects the combination of foreign exchanges rates, the offsetting of the Outdoor Media contract renewal described above, partly mitigated by the Group's actions to optimize the real estate footprint over the last few years.

Given the neutral impact of the accounting treatment of the two Outdoor Media contracts on operating expenses including depreciation, the Group operating leverage represents about 250 basis points.

As a result, the **operating margin** was euro 1,018 million as at June 30, 2022, an increase of 24.9% compared to 2021. The margin rate was 17.3%, up 80 basis points from 16.5% in 2021.

Operating margin rates by geographies were 19.2% in North America, 13.3% in Europe, 20.9% in Asia-Pacific, 5.5% in Middle East/Africa and 7.1% in Latin America.

Amortization of intangibles arising from acquisitions totaled euro 137 million in H1 2022, up by euro 11 million versus H1 2021. **Impairment losses**, related to the "All in One" real estate consolidation plan, amounted to euro 44 million in H1 2022, a reduction of euro 48 million versus H1 2021.

Other non-current income and expenses represented an expense of euro 76 million, whereas this item was not material in 2021 (income of euro 1 million). This item includes the loss linked to the Group'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 761 million in H1 2022, compared with 598 million in 2021.

Other income statement items

Financial result, made up of the cost of net financial debt and other financial income and expenses, amounted to an expense of euro 44 million in H1 2022, compared to euro 55 million in H1 2021.

- **The cost of net financial debt** was a net charge of euro 27 million in H1 2022, including euro 49 million of interest expense on the gross debt related mostly to Epsilon's acquisition (euro 43 million of interest cost) and Sapien for the rest. This interest was partially mitigated by interest income of euro 29 million, a euro 17 million increase compared to H1 2021 that reflected higher cash balances levels and interest rates, in particular in the US. In H1 2021, net financial debt generated an expense (net of income) of euro 45 million.

- **Other financial income and expenses** (excluding earn-out revaluation) represent an expense of euro 13 million and include euro 45 million of interest on lease obligations, and euro 34 million in income from the fair value revaluation of Mutual Funds. In 2021, other financial income and expenses amounted to an expense of euro 5 million, including euro 35 million of interest on lease liabilities and euro 32 million of income from the fair value remeasurement of the Mutual Funds.

- **The revaluation charge for earn-outs** was euro 4 million in H1 2022, close from the euro 5 million charge in H1 2021.

The **income tax** amounted to euro 189 million in H1 2022, resulting from the application of a forecast effective tax rate for 2022 of 23.4%, compared to a tax charge of euro 135 million in H1 2021, with a rate of 24.7%.

The **share of profit of associates** in H1 2022 is a profit of euro 5 million, whereas it was not significant in the previous year.

Minority interests in the net income were a loss of euro 4 million at June 30, 2022, compared with a loss of euro 6 million in H1 2021.

Overall, the **Group net income** was a euro 537 million profit at June 30, 2022, compared to euro 414 million at June 30, 2021.

Balance sheet and cash flow statement

Simplified Balance sheet

(in millions of euros)	June 30, 2022	December 31, 2021
Goodwill (net)	12,841	11,760
Other intangibles (net)	1,433	1,379
Right-of-use assets related to leases (net)	1,946	1,489
Other fixed assets (net)	1,052	916
Current and deferred taxes	(352)	(330)
Working capital requirements	(3,696)	(3,677)
Total assets	13,224	11,537
Equity attributable to holders of the parent company	9,314	8,588
Minority interests	(34)	(33)
Total shareholders' equity	9,280	8,555
Long and short-term provisions	753	817
Net debt	464	76
Lease obligations	2,727	2,089
Total liabilities	13,224	11,537

Consolidated equity attributable to holders of the parent company increased from euro 8,588 million at December 31, 2021 to euro 9,314 million at June 30, 2022, due to the following elements:

- (+) Net income H1 2022: euro 537 million;
- (+) Other comprehensive income, net of tax: euro 750 million;

- (-) Dividends: euro 599 million;
- (+) Share based compensation, net of tax: euro 29 million;
- (+) Other items: euro 9 million.

Minority interests were negative at euro 34 million, after negative 33 million at December 31, 2021.

Net financial debt

(in millions of euros)	June 30, 2022	December 31, 2021
Financial debt (long and short-term)	3,580	3,630
Fair value of hedging derivatives on the 2025, 2028 and 2031 Eurobonds ⁽¹⁾	305	97
Fair value of derivatives hedging intra-group loans and borrowings ⁽¹⁾	(79)	8
Total financial debt including market value of the associated derivatives	3,806	3,735
Cash and cash equivalents	(3,342)	(3,659)
Net financial debt	464	76
Debt/equity (including minority interests)	0.05	0.01

(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 464 million as of June 30, 2022 (i.e. a ratio Net Debt/Equity of 0.05) compared to net debt of euro 76 million as of December 31, 2021 and euro 1,362 million as of June 30, 2021.

The Group's **average net debt** over 12 months amounted to euro 1,024 million in H1 2022, compared to euro 2,252 million over the same period in previous year.

Cash flow

Net cash flow from operating activities resulted in a surplus of euro 210 million in the first six months of 2022, after an outflow of euro 274 million in the same period of the previous year. Income tax paid amounted to euro 251 million in 2022 compared with euro 163 million in H1 2021. The change in working capital was negative at euro 858 million, compared with a negative change of euro 1,191 million in H1 2021.

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 507 million as at June 30, 2022, compared to euro 123 million for the same period in 2021. Net investments in current and fixed assets amounted to euro 82 million in June 30, 2022, compared to euro 50 million in H1 2021. Net investment (of disposals) in the acquisition of subsidiaries amounted to euro 443 million, including in particular the acquisitions of Tremend, Profitero and Wirecraft, as well as the negative impact for euro 49 million related to the disposal

of Russian activities, after euro 77 million in the first half-year 2021.

Net cash flow from financing activities generated an outflow of euro 279 million in H1 2022, compared with an utilization of euro 447 million in the same period of the previous year. Repayments of lease liabilities and related interest amounted to euro 215 million as at June 30, 2022, compared with euro 179 million for the same period in 2021. The outflow of cash related to loan repayments amounted to euro 10 million, compared with euro 190 million in 2021, including a medium-term loan of euro 150 million for the acquisition of Epsilon.

In total, the Group's **cash position** net of bank credit balances decreased by euro 318 million in the first half-year 2022 compared with a decrease of euro 742 million in the same period of the previous year.

Including the short-term credit lines available, the Group's **available liquidity** amounted to euro 5,342 million as at June 30, 2022, compared with euro 5,446 million as at June 30, 2021 and euro 5,903 million as at December 31, 2021.

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 2022	H1 2021
EBITDA	1,287	1,052
Repayment of lease liabilities and related interests	(215)	(179)
Financial interest paid (net)	(63)	(82)
Income tax paid	(251)	(163)
Other	32	27
Cash-Flow from operations before change in WCR	790	655
Investments in fixed assets (net)	(82)	(50)
Free Cash Flow before change in WCR	708	605
Change in working capital requirements	(858)	(1,191)
Free cash-flow	(150)	(586)

The Group's free cash flow, excluding changes in working capital requirements, was euro 708 million in the first half-year 2022, up euro 103 million compared to 2021 for the same period. Repayments of lease liabilities and related interest amounted to euro 215 million as at June 30, 2022, compared with euro 179 million for the same period in 2021. Income tax paid amounted to euro 251 million, up 88 million

compared to 163 million for the same period in 2021 reflecting the increase in taxable profits and other miscellaneous effects, including the final true-up payment for last year income tax. Financial interest paid (mostly including the interests on the acquisition debt of Epsilon) totalled euro 63 million for the first half-year 2022. Net investments in fixed assets amounted to euro 82 million, up compared with euro 50 million in H1 2021.

The change in working capital requirements is negative at euro 858 million, compared with a negative change of euro 1,191 million in the first half-year 2021.

The Group's **free cash flow after changes in working capital** was negative at euro 150 million, an improvement on the 2021 figure, which was also negative at euro 586 million.

Related party transactions

There are no new related party transactions entered into during the first half of 2022.

Publicis Groupe (parent company)

Total revenues amounted to euro 80 million in first half-year 2022, compared with euro 58 million in the same period of the previous year. It is composed by rental income on real estate and fees for services to the Group's subsidiaries for euro 14 million, in line with the previous year, and pass-through

revenue and other income for euro 65 million (compared with euro 44 million as at June 30, 2021).

Operating expenses amounted to euro 77 million in H1 2022, compared with euro 55 million the previous year.

Financial income amounted to euro 1 million in H1 2022, compared to euro 4 million the previous year. This decrease is mainly due to lower interest on intra-group loans.

Financial expenses amounted to euro 33 million in H1 2022, compared to euro 36 million the previous year. The decrease is mainly due to the repayment of the 2021 Eurobond in December 2021, which therefore no longer generates financial costs in 2022.

Pre-tax profit was a loss of euro 28 million in H1 2022, compared with a loss of euro 30 million in the same period of 2021.

After inclusion of euro 3 million **income tax** credit resulting from the French tax consolidation, Publicis Groupe SA, the **Group's parent company**, posted a **loss** of euro 25 million as at June 30, 2022, compared with a loss of euro 29 million as at June 30, 2021.

1.6 POST CLOSING EVENTS

On July 22, 2022, Publicis Groupe exercised its put option relating to its minority interests in MMS Communication LLC capital (18.9%) and in Lion Communications LLC (1%) (entities established in Russia). The registration of the disposal relating

to these minority interests is ongoing with the local authorities. After the completion of this disposal, Publicis Groupe will no longer have any interest entities located in Russia.

1.7 OUTLOOK

With its strong first half 2022, the current business momentum and the strength of its model, the Group is confident for the future and is in a position to upgrade its full year 2022 guidance on all KPIs.

The Group now anticipates full year 2022 organic growth to land between +6 and +7% vs. +4 to +5% previously, operating margin rate between 17.5% and 18.0%, versus c.17.5% previously, and Free cash flow before working capital requirement of at least euro 1.5 billion, versus c. euro 1.4 billion previously.

CHAPTER

2

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS ENDED JUNE 30, 2022

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2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Net revenue⁽¹⁾		5,873	4,931	10,487
Pass-through revenue		674	562	1,251
Revenue		6,547	5,493	11,738
Personnel costs	4	(3,888)	(3,174)	(6,639)
Other operating costs		(1,372)	(1,267)	(2,782)
Operating margin before depreciation & amortization		1,287	1,052	2,317
Depreciation and amortization expense (excluding acquisition-related intangible assets)	5	(269)	(237)	(477)
Operating margin		1,018	815	1,840
Amortization of intangibles from acquisitions	5	(137)	(126)	(256)
Impairment loss	5	(44)	(92)	(122)
Non-current income and expenses	6	(76)	1	(28)
Operating income		761	598	1,434
Financial expense		(56)	(57)	(115)
Financial income		29	12	30
Cost of net financial debt	7	(27)	(45)	(85)
Other financial income and expenses	7	(13)	(5)	27
Revaluation of earn-out payments	7	(4)	(5)	(33)
Pre-tax income of consolidated companies		717	543	1,343
Income taxes	8	(189)	(135)	(307)
Net income of consolidated companies		528	408	1,036
Share of profit of associates	11	5	-	-
Net income		533	408	1,036
Of which:				
• Net income attributable to non-controlling interests		(4)	(6)	9
• Net income attributable to equity holders of the parent company		537	414	1,027
Per share data (in euros) – Net income attributable to equity holders of the parent company	9			
Number of shares		250,274,576	246,106,455	248,620,158
Earnings per share		2.15	1.68	4.13
Number of diluted shares		252,508,128	248,475,342	251,695,105
Diluted earnings per share		2.13	1.67	4.08

(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 Group's operational performance.

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in millions of euros)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Net income for the period (a)	533	408	1,036
Comprehensive income that will not be reclassified to income statement			
• Actuarial gains (and losses) on defined benefit plans	91	24	48
• Deferred taxes on comprehensive income that will not be reclassified to income statement	(22)	(6)	(8)
Comprehensive income that may be reclassified to income statement			
• Remeasurement of hedging instruments	8	17	29
• Consolidation translation adjustments	676	233	590
Total other comprehensive income (b)	753	268	659
Total comprehensive income for the period (a) + (b)	1,286	676	1,695
Of which:			
• Total comprehensive income for the period attributable to non-controlling interests	(1)	(6)	9
• Total comprehensive income for the period attributable to equity holders of the parent company	1,287	682	1,686

2

2.3 CONSOLIDATED BALANCE SHEET

(in millions of euros)	Notes	June 30, 2022	December 31, 2021
Assets			
Goodwill, net	10	12,841	11,760
Intangible assets, net		1,433	1,379
Right-of-use assets related to leases	16	1,946	1,489
Property, plant and equipment, net		613	615
Deferred tax assets		172	175
Investments in associates	11	46	25
Other financial assets	12	393	276
Non-current assets		17,444	15,719
Inventories and work-in-progress		328	277
Trade receivables		10,853	11,315
Assets on contracts		1,324	979
Other current receivables and assets		1,101	897
Cash and cash equivalents		3,342	3,659
Current assets		16,948	17,127
Total assets		34,392	32,846
Equity and liabilities			
Share capital		102	101
Additional paid-in capital and retained earnings, Group share		9,212	8,487
Equity attributable to holders of the parent company	13	9,314	8,588
Non-controlling interests		(34)	(33)
Total equity		9,280	8,555
Long-term borrowings	15	3,431	3,446
Long-term lease liabilities	16	2,369	1,801
Deferred tax liabilities		294	274
Long-term provisions	14	485	543
Non-current liabilities		6,579	6,064
Trade payables		14,086	14,479
Liabilities on contracts		487	470
Short-term borrowings	15	149	184
Short-term lease liabilities	16	358	288
Income taxes payable		368	328
Short-term provisions	14	268	274
Other creditors and current liabilities		2,817	2,204
Current liabilities		18,533	18,227
Total equity and liabilities		34,392	32,846

2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	June 30, 2022 (6 months)	June 30, 2021 (6 months)	December 31, 2021 (12 months)
Cash flow from operating activities			
Net income	533	408	1,036
Neutralization of non-cash income and expenses:			
Income taxes	189	135	307
Cost of net financial debt	27	45	85
Capital losses (gains) on disposal of assets (before tax)	76	(1)	28
Depreciation, amortization and impairment loss	450	455	855
Share-based compensation	30	25	52
Other non-cash income and expenses	16	11	5
Share of profit of associates	(5)	-	-
Dividends received from associates	3	2	2
Taxes paid	(251)	(163)	(362)
Change in working capital requirements ⁽¹⁾	(858)	(1,191)	(216)
Net cash flows generated by (used in) operating activities (I)	210	(274)	1,792
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	(84)	(50)	(139)
Disposals of property, plant and equipment and intangible assets	2	-	3
Purchases of investments and other financial assets, net	18	4	4
Acquisitions of subsidiaries	(400)	(77)	(276)
Disposals of subsidiaries ⁽²⁾	(43)	-	3
Net cash flows generated by (used in) investing activities (II)	(507)	(123)	(405)
Cash flow from financing activities			
Dividends paid to holders of the parent company	-	-	(227)
Dividends paid to non-controlling interests	(3)	(2)	(9)
Proceeds from borrowings ⁽³⁾	5	1	9
Repayment of borrowings ⁽³⁾	(10)	(190)	(862)
Repayment of lease liabilities	(170)	(144)	(295)
Interests paid on lease liabilities	(45)	(35)	(70)
Interests paid	(84)	(94)	(106)
Interests received	21	12	26
Buy-out of non-controlling interests	-	(4)	(14)
Net (buybacks)/sales of treasury shares and warrants	7	9	(127)
Net cash flows generated by (used in) financing activities (III)	(279)	(447)	(1,675)
Impact of exchange rate fluctuations (IV)	258	102	238
Change in consolidated cash and cash equivalents (I + II + III + IV)	(318)	(742)	(50)
Cash and cash equivalents on January 1	3,659	3,700	3,700
Bank overdrafts on January 1	(12)	(3)	(3)
Net cash and cash equivalents at beginning of year (V)	3,647	3,697	3,697
Cash and cash equivalents at closing date	3,342	2,959	3,659
Bank overdrafts at closing date	(13)	(4)	(12)
Net cash and cash equivalents at closing date (VI)	3,329	2,955	3,647
Change in consolidated cash and cash equivalents (VI - V)	(318)	(742)	(50)
(1) Breakdown of change in working capital requirements			
Change in inventory and work-in-progress	(39)	(32)	(23)
Change in trade receivables and other receivables	633	847	(1,218)
Change in accounts payable, other payables and provisions	(1,452)	(2,006)	1,025
Change in working capital requirements	(858)	(1,191)	(216)

(2) Including (49)m€ used in related to the disposal of Russian activities

(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
249,600,509	December 31, 2021	101	4,581
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income 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
245,577,779	December 31, 2020	99	4,307
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the period	-	-
5,018,232	Dividends	2	264
296,350	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
241,301	Equity warrant exercise	0	7
698,159	(Buybacks)/sales of treasury shares		
251,831,821	June 30, 2021	101	4,578

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
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
3,585	(816)	7	7,182	(22)	7,160
414			414	(6)	408
	233	35	268		268
414	233	35	682	(6)	676
(493)			(227)	(2)	(229)
28			28		28
16			16	(16)	0
			7		7
2			2		2
3,552	(583)	42	7,690	(46)	7,644

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The consolidated interim financial statements for the half-year ended June 30, 2022 and the accompanying notes were approved by the Management Board on July 18, 2022 and reviewed by the Supervisory Board on July 20, 2022.

The consolidated interim 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, 2022 were prepared in accordance with the IAS/IFRS international accounting standards as approved by the European Union and mandatory at that date.

The condensed consolidated interim financial statements as of June 30, 2022 were prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies and methods applied in the interim financial statements are consistent with those used by the Group in the consolidated financial statements as of December 31, 2021, and presented in the Universal Registration Document filed with the French Financial Markets Authority (Autorité des marchés financiers, or "AMF") on April 25, 2022 (the "2021 Universal Registration Document", pages 235 to 244).

New applicable standards and interpretations

Application of new standards and interpretations

As of June 30, 2022, the Group has not adopted any new standards or interpretations.

Early application

As of June 30, 2022, the Group has not adopted any new standards or interpretations in advance.

Use of estimates

The Group'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 Group 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 Group's assets and liabilities. The assets and liabilities which are impacted by the use of estimates in the first half of 2022 are of the same nature as those described as of December 31, 2021 in the 2021 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, 2022, the assumptions take into account the effects of the crisis linked to the Russo-Ukrainian conflict. Actual outcomes may, however, vary significantly from these estimates.

Note 2 Impacts of the Russo-Ukrainian conflict

Disposal of Russian activities

Given the Russo-Ukrainian conflict, the Group announced on March 15, 2022, the immediate cessation of its activities and investments in Russia with the transfer of control of its agencies. Publicis Groupe transferred control of its operations to Sergey Kopcev, founding Chairman of Publicis in Russia, with a contractual commitment to ensure a future for its employees in the country.

Publicis has taken strong measures to address the seriousness of the situation and to find a solution that respects and ensures a future for its 1,200 employees.

Publicis Groupe sold 81.1% of the share capital of MMS Communication LLC, its Russian-based subsidiary, on March 31, 2022. Following this transaction, the Group disposed the control of all its Russian activities, while retaining a minority stake of 18.9% (with a put option) to ensure that the commitments made to employees are upheld. In addition, Publicis Groupe has started the process of exercising its put

option in application of the signed agreement allowing to sell its minority stake to the buyer at any time. The Group's commitments given to the buyer, as well as the commitments received, are described in Note 17 "Commitments".

As a result, Publicis Groupe recorded a loss on disposal of euro 87 million in non-current income, including euro 49 million corresponding to the cash of the entities disposed.

Provision for liabilities and charges of the Ukrainian activities

In the midst of a sharp decline in Ukrainian activities, and in order to support its employees in Ukraine, the Group has announced that it will provide all the necessary financial assistance in this extremely difficult period.

As a result, Publicis Groupe recorded a provision for liabilities and charges of euro 8 million, to cover the measures put in place, including in particular the guarantee of Ukrainian employees' salaries for the whole year 2022.

Note 3 Changes to consolidation scope

Acquisitions during the period

The main acquisition during the period, in April 2022, is 100% of Profitero Limited, a world-leading SaaS platform in “Commerce intelligence”, which enables brands to increase their sales and profitability. The acquisition price is euro 200 million.

In addition, the Group made other acquisitions:

- in March 2022, 100% of Tremend, a Romanian technology company specializing in software development. The acquisition price is euro 110 million (including the earn-out);
- in May 2022, 100% of Wirecraft. The acquisition price is euro 67 million (including the earn-out).

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) for all consolidated entities taken as a whole with an exclusive takeover during the period, totaled euro 379 million. This amount mainly includes:

- euro 329 million paid out during the period;
- euro 50 million in earn-out payments;
- euro 0 million in commitments to buy out non-controlling interests.

The amount paid out in the first half of 2022 for acquisitions (net of cash and cash equivalents acquired) totaled euro 400 million and includes:

- euro 341 million paid out during the period;
- euro (31) million in cash and cash equivalents acquired;
- euro 90 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 of 2022 and less than 1% of net income attributable to equity holders of the parent company.

Provisional allocation of the acquisition price of Profitero

The provisional allocation of the consideration transferred breaks down as follows as of June 30, 2022:

(in millions of euros)

	Profitero
Consideration transferred (A)	200
Net assets acquired before fair value adjustment (B)	(2)
Client relationships	42
Technological applications	22
Deferred taxes liabilities on intangible assets	(13)
Total fair value adjustments (C)	51
Net assets acquired after fair value adjustments (D = B + C)	49
Goodwill (E = A - D)	151

The euro 151 million provisional residual goodwill includes:

- employee know-how;
- the ability to maintain and develop existing assets.

Disposals during the period

As indicated in Note 2, the Group sold 81.1% of MMS Communication LLC, its Russian-based subsidiary. Russian activities contributed less than 0.5% to 2021 consolidated net revenue and less than 0.5% to 2021 net income attributable to equity holders of the parent.

There were no other significant disposals during the period.

Note 4 Personnel costs and headcount

Personnel expenses 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, 2022 (6 months)	June 30, 2021 (6 months)
Compensation	(3,051)	(2,499)
Social security charges, including post-employment benefits	(574)	(481)
Share-based payments	(30)	(25)
Temporary employees and freelancers	(233)	(169)
Total	(3,888)	(3,174)

/ Breakdown of headcount as of June 30 by geographic region

	June 30, 2022	December 31, 2021	June 30, 2021
Europe	22,925	21,866	20,711
North America	29,277	27,451	26,096
Latin America	8,232	7,290	6,761
Asia Pacific	31,909	28,561	25,889
Middle East & Africa	3,458	3,363	3,135
Total	95,801	88,531	82,592

Note 5 Depreciation, amortization and impairment loss

(in millions of euros)	June 30, 2022 (6 months)	June 30, 2021 (6 months)
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(33)	(43)
Depreciation of property, plant and equipment	(67)	(66)
Amortization of right-of-use assets	(169)	(128)
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(269)	(237)
Amortization of intangibles from acquisitions	(137)	(126)
Impairment of right-of-use assets	(44)	(92)
Total depreciation, amortization and impairment loss	(450)	(455)

Impairment losses on goodwill and intangible assets

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

Impairment of right-of-use assets relating to leases

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 44 million were recognized in the first half of 2022 (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 facility management expenses and any taxes on vacant properties of euro 15 million are included in vacant property provisions and also include early exit penalties.

Impairment losses in the first half of 2021 reached euro 92 million, including euro 67 million for right-of-use assets and euro 7 million for fixtures. Accrued expenses such as facility management expenses and any taxes on vacant properties of euro 18 million are included in vacant property provisions and also include early exit penalties.

Note 6 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, 2022 (6 months)	June 30, 2021 (6 months)
Capital gains (losses) on disposal of assets	(87)	1
Non-current income and (expenses)	11	0
Total non-current income and (expenses)	(76)	1

In the first half of 2022, the euro (76) million expense corresponds to:

- a loss of euro (87) million related to the disposal of operations in Russia (see Note 2);
- gain of euro 11 million on the disposal of a stake held by the Group in a building located in Chicago, in the United States.

In the first half of 2021, a euro 1 million gain has been recognized following a dilution of an investment in associates.

Note 7 Financial income and expenses

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

(in millions of euros)	June 30, 2022 (6 months)	June 30, 2021 (6 months)
Financial expense	(56)	(57)
Financial income ⁽¹⁾	29	12
Cost of net financial debt	(27)	(45)
Foreign exchange gains (losses) and change in the fair value of currency derivatives	-	1
Net financial expense related to the discounting of pension provisions	(3)	(2)
Interest expense on lease liabilities	(45)	(35)
Change in fair value of financial assets	34	32
Other	1	(1)
Other financial income and expenses	(13)	(5)
Net financial income (expense) excluding revaluation of earn-out payments	(40)	(50)

(1) During the first half 2022, the financial income are the same as those of the first half 2021 and result from the cash investments. The euro 17 million increase (euro 29 million in the first half 2022, compared to euro 12 million in the first half 2021), is mainly due to the increased level of cash and to the higher interest rates.

/ Revaluation of earn-out payments

(in millions of euros)	June 30, 2022 (6 months)	June 30, 2021 (6 months)
Revaluation of earn-out payments	(4)	(5)

Note 8 Income taxes

Effective tax rate

Income tax expense for the first half of 2022 was calculated by applying the estimated effective tax rate for the full year to pre-tax income for the interim period.

(in millions of euros)		June 30, 2022 (6 months)	June 30, 2021 (6 months)
Pre-tax income of consolidated companies		717	543
Revaluation of earn-out payments		4	5
Main non-taxable/non-deductible disposals		87	-
Restated pre-tax income of consolidated companies	A	808	548
Effective tax rate	B	23.4%	24.7%
Income tax in the income statement	A x B	(189)	(135)

As a reminder, the effective tax rate for financial year 2021 (12 months) was 23.4%.

Note 9 Earnings per share

/ Earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2022	June 30, 2021
Net income used for the calculation of earnings per share			
Net income attributable to equity holders of the parent company	A	537	414
<i>Impact of dilutive instruments:</i>			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Group net income - diluted	B	537	414
Number of shares used to calculate earnings per share			
Number of shares at January 1		253,462,409	247,769,038
Shares created over the period		133,430	205,975
Treasury shares to be deducted (average for the period)		(3,321,264)	(1,868,558)
Average number of shares used for the calculation	C	250,274,576	246,106,455
<i>Impact of dilutive instruments:</i>			
• Free shares and dilutive stock options		2,124,694	2,201,787
• Equity warrants (BSA)		108,858	167,100
Number of diluted shares	D	252,508,128	248,475,342
(in euros)			
Earnings per share	A/C	2.15	1.68
Diluted earnings per share	B/D	2.13	1.67

/ **Headline earnings per share (basic and diluted)**

(in millions of euros, except for share data)

	June 30, 2022	June 30, 2021
Net income used to calculate headline earnings per share⁽¹⁾		
Group net income	537	414
<i>Items excluded:</i>		
• Amortization of intangibles from acquisitions, net of tax	103	94
• Impairment loss, net of tax	33	70
• Revaluation of earn-out payments	4	5
• Main capital gains and losses on disposal of assets and fair value adjustment of financial assets, net of tax ⁽²⁾	50	(28)
Headline Group net income	E 727	555
<i>Impact of dilutive instruments:</i>		
• Savings in financial expenses related to the conversion of debt instruments, net of tax	-	-
Headline Group net income, diluted	F 727	555
Number of shares used to calculate earnings per share		
Number of shares at January 1	253,462,409	247,769,038
Shares created over the period	133,430	205,975
Treasury shares to be deducted (average for the period)	(3,321,264)	(1,868,558)
Average number of shares used for the calculation	C 250,274,576	246,106,455
<i>Impact of dilutive instruments:</i>		
• Free shares and dilutive stock options	2,124,694	2,201,787
• Equity warrants (BSA)	108,858	167,100
Number of diluted shares	D 252,508,128	248,475,342

(in euros)

Headline earnings per share⁽¹⁾	E/C	2.90	2.26
Headline earnings per share - diluted⁽¹⁾	F/D	2.88	2.23

(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, 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. As of June 30, 2021, the main capital gains and losses on disposal amount to euro 1 million and the fair value adjustment of financial assets amounts to euro 27 million.

Note 10 Goodwill

Changes in goodwill

(in millions of euros)	Gross value	Impairment loss	Net amount
December 31, 2021	13,216	(1,456)	11,760
Acquisitions	310	-	310
Changes related to the revaluation of earn-outs during the window period	8	-	8
Disposals ⁽¹⁾	(26)	-	(26)
Effect of translation and other	905	(116)	789
June 30, 2022	14,413	(1,572)	12,841

(1) The effects of the disposals for euro 26 million are exclusively due to the disposal of MMS Communication LLC.

Note 11 Investments in associates

Investments in associates amounted to euro 46 million at June 30, 2022 (versus euro 25 million at December 31, 2021).

(in millions of euros)	Investments in associates
December 31, 2021	25
Share of profit of associates	5
Additions to the consolidation scope	18
Dividends paid	(3)
Effect of translation and other	1
June 30, 2022	46

Additions to the consolidation scope concern:

- Voilà, a joint-venture created with Orange, in which Publicis holds a 50% stake. Voilà supports the digitalization of professional events by providing a cloud platform for hybrid event production, customizable and accessible in SaaS (Software as a Service) mode;

- SCB Tech X, a joint-venture created with Siam Commercial Bank (SCB), in which Publicis holds a 40% stake. SCB Tech X is a leading, cloud-native platform-as-a-service serving clients in South East Asia.

The following table shows the carrying amount of investments in associates at June 30, 2022:

(in millions of euros)	June 30, 2022
SCB Tech X	12
Voilà	7
Burrell Communications Group	7
OnPoint Consulting Inc.	6
Somupi SA	4
AG Partners	2
Viva Tech	2
Other investments in associates	6
Net value	46

Note 12 Other financial assets

(in millions of euros)	June 30, 2022	December 31, 2021
Other financial assets at fair value through profit and loss:		
• Venture Capital Funds ⁽¹⁾	186	154
• Other	20	20
Security deposits ⁽²⁾	49	47
Loans to associates and non-consolidated companies	76	35
Sub-lease receivables ⁽³⁾	106	21
Other	26	22
Gross value	463	299
Impairment	(70)	(23)
Net amount	393	276

(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, 2022	December 31, 2021
Share capital at January 1	253,462,409	247,769,038
Capital increase	407,637	5,693,371
Shares comprising the share capital at the end of the period	253,870,046	253,462,409
Treasury stock at the end of the period	(2,745,734)	(3,861,900)
Shares outstanding at the end of the period	251,124,312	249,600,509

Publicis Groupe SA's share capital increased by euro 163,054.80 in the first half of 2022, corresponding to 407,637 shares with a par value of euro 0.40:

- 161,412 shares issued following the exercise of equity warrants by certain holders;
- 246,225 shares issued under free share plans.

At June 30, 2022, the share capital of Publicis Groupe SA totaled euro 101,548,018.40, divided into 253,870,046 shares, each with a par value of euro 0.40.

Neutralization of the treasury shares existing on June 30, 2022

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 of 2022:

	Number of shares
Treasury shares held on December 31, 2021⁽¹⁾	3,861,900
Disposals (exercise of stock options) and deliveries of free shares	(1,265,098)
Movements as part of the liquidity contract	148,932
Treasury shares held on June 30, 2022⁽¹⁾	2,745,734

(1) Including 202,432 shares held under the liquidity contract as of June 30, 2022, and 53,500 as of December 31, 2021.

Dividends

In accordance with decisions of the Ordinary General Shareholders' Meeting of May 25, 2022, Publicis Groupe SA paid a dividend on July 6, 2022 of euro 2.40 per share, fully paid in cash.

An amount of euro 599 million was recognized as a liability at June 30, 2022, under "Other creditors and current liabilities".

Note 14 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property provisions ⁽¹⁾	Pensions and other long-term benefits	Provision for risks and litigation	Other provisions	Total
December 31, 2021	41	97	305	254	120	817
Increases	22	15	23	70	14	144
Releases with usage	(24)	(25)	(16)	(2)	(1)	(68)
Other releases	(2)	-	-	(77)	-	(79)
Actuarial losses (gains)	-	-	(91)	-	-	(91)
Translation adjustments and other	1	13	7	7	2	30
June 30, 2022	38	100	228	252	135	753
Of which short-term	33	62	32	73	68	268
Of which long-term	5	38	196	179	67	485

(1) See Note 5.

Actuarial assumptions (weighted average rates)

The provision for pensions was discounted as of June 30, 2022 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.

June 30, 2022	Pension plans				Post-employment medical cover	
	United States	United Kingdom	Eurozone	Other countries	United States	United Kingdom
Discount rate	4.22%	3.85%	3.20%	0.60% - 7.00%	4.22%	3.85%

December 31, 2021	Pension plans				Post-employment medical cover	
	United States	United Kingdom	Eurozone	Other countries	United States	United Kingdom
Discount rate	2.42%	1.60% - 1.70%	0.90%	0.25% - 5.65%	2.42%	1.60% - 1.70%

Note 15 Financial liabilities

(in millions of euros)	June 30, 2022	December 31, 2021
Bonds (excl. accrued interest)	3,335	3,335
Other debt	245	295
Total financial liabilities	3,580	3,630
Of which short-term	149	184
Of which long-term	3,431	3,446

/ Change in financial liabilities

(in millions of euros)	December 31, 2021	Changes excl. cash and cash equivalents				June 30, 2022
		Cash flow	Acquisitions	Exchange rate fluctuations	Changes in fair value	
Eurobond 0.5% - November 2023 (EIR 0.741%) ⁽¹⁾	498	-	-	-	-	498
Eurobond 1.625% - December 2024 (EIR 1.732%) ⁽¹⁾	601	-	-	-	-	601
Eurobond 0.625% - June 2025 (EIR 0.781%) ⁽¹⁾	746	-	-	-	-	746
Eurobond 1.25% - June 2028 (EIR 1.329%) ⁽¹⁾	747	-	-	-	-	747
Eurobond 1.75% - June 2031 (EIR 1.855%) ⁽¹⁾	743	-	-	-	-	743
Bonds (excl. accrued interest)	3,335	-	-	-	-	3,335
Debt related to earn-out commitments	206	(90)	50	6	14	186
Debt related to commitments to buy-out non-controlling interests	16	-	-	-	-	16
Accrued interest	45	(84)	-	3	49	13
Other borrowings and credit lines ⁽³⁾	16	(5)	-	1	5	17
Bank overdrafts	12	1	-	-	-	13
Other financial liabilities	73	(88)	-	4	54	43
Total financial liabilities	3,630	(178)	50	10	68	3,580
Fair value of derivative hedging on the 2025, 2028 and 2031 Eurobonds ⁽²⁾	97	-	-	-	208	305
Fair value of derivative hedging on intra-group loans and borrowings ⁽²⁾	8	4	-	-	(91)	(79)
Total liabilities related to financing activities	3,735	(174)	50	10	185	3,806

(1) Net of issuance costs. The number of securities as of June 30, 2022 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 debts 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, 2022, the fair value of these derivative instruments was booked in other current creditors and current liabilities for euro 305 million (compared to euro 97 million at December 31, 2021 in other current creditors and current liabilities).

Other bonds

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

/ Analysis by date of maturity

(in millions of euros)	June 30, 2022						
	Total	Maturities					
		-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	3,335	-	498	1,347	-	-	1,490
Debt related to earn-out commitments	186	106	38	26	15	1	0
Debt related to commitments to buy-out non-controlling interests	16	4	8	3	1	0	0
Other financial liabilities	43	39	4	-	-	-	-
Total financial liabilities	3,580	149	548	1,376	16	1	1,490

/ Analysis by currency

(in millions of euros)	June 30, 2022	December 31, 2021
Euros ⁽¹⁾	3,388	3,362
US dollars	100	148
Other currencies	92	120
Total financial liabilities	3,580	3,630

(1) Including euro 2,250 million in Eurobonds swapped to US dollars at June 30, 2022 (euro 2,250 million at December 31, 2021).

Analysis by interest rate type

Borrowings are comprised of fixed-rate loans representing 99% of gross borrowings (excluding borrowings for acquisitions of equity investments and commitments to buy-out non-controlling interests) at June 30, 2022 and variable rate loans for the remaining 1%.

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 3,342 million as of June 30, 2022 and undrawn confirmed credit facilities representing a total of euro 2,000 million as of

June 30, 2022; being 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 Group to meet its general funding requirements.

Apart from bank overdrafts, most of the Group's debt is comprised of bonds and the medium-term syndicated loan, none of which are subject to 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 Group 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, 2022	2,421	64	50	2,535
Addition of assets ⁽¹⁾	61	624	7	692
Terminations or end of contracts	(81)	-	(11)	(92)
Impacts of sub-leasing ⁽²⁾	(437)	-	-	(437)
Changes to consolidation scope	(11)	-	-	(11)
Translation adjustments and other	116	-	3	118
Gross values at June 30, 2022	2,069	688	49	2,806
Accumulated amortization at January 1, 2022	(972)	(48)	(26)	(1,046)
Amortization	(113)	(47)	(9)	(169)
Impairment losses	(24)	-	-	(24)
Terminations or end of contracts	81	-	11	92
Impacts of sub-leasing ⁽²⁾	322	-	-	322
Changes to consolidation scope	4	-	-	4
Translation adjustments and other	(36)	-	(3)	(39)
Accumulated amortization at June 30, 2022	(738)	(95)	(27)	(860)
Net values at June 30, 2022	1,331	593	22	1,946

(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 current receivables and assets » for the short-term part.

Interest expense on lease liabilities

For the first half of 2022, the interest expense on lease liabilities is euro 45 million (see Note 7). For the first half of 2021, the interest expense was euro 35 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 of 2022, the variable lease expenses were euro 31 million.

Repayment schedule of lease liabilities

(in millions of euros)	At June 30, 2022					
	Total	-1 year	1-2 years	2-3 years	3-4 years	+4 years
Cash outflows relating to lease liabilities	3,299	451	412	386	356	1,694

Note 17 Commitments

(in millions of euros)	June 30, 2022			
	Total	Maturity		
		-1 year	1-5 years	+5 years
Commitments given				
Guarantees ⁽¹⁾	193	43	83	67
Total	193	43	83	67
Commitments received				
Undrawn confirmed credit lines	2,000	-	2,000	-
Undrawn unconfirmed credit lines	-	-	-	-
Other commitments	13	9	3	1
Total	2,013	9	2,003	1

(1) At June 30, 2022, guarantees included euro 66 million guarantee granted to Italian tax authority in the frame of recoverability of VAT receivables and payables; commitments to pay euro 45 million into innovation mutual funds by 2031; guarantees of euro 13 million relating to media-buying operations and euro 6 million bank guarantee at the request of local jurisdictions in the frame of various litigations.

Obligations related to warrants

The exercise of warrants, which can occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted, starting from June 15, 2021, from a ratio of 1.081 share to 1.116 share per warrant to reflect the distributions drawn from the Company's reserves and premiums. Starting from July 4, 2022 the conversion ratio has been adjusted again to 1.164 share per warrant. Following the cancellation of the warrants acquired in previous years or exercised since September 24, 2013, Publicis Groupe was, at June 30, 2022, committed to issuing (in the event that the 385,260 outstanding warrants are exercised) 429,950 shares with a euro 0.40 par value and a euro 30.10 premium.

Other commitments

As part of the disposal of MMS Communication LLC in the first half of 2022, the Group reached an agreement to buy back 81.1% 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 twelve years, at the sole discretion of Publicis Groupe.

The Group also has the right to sell its remaining 18.9% stake in MMS Communication LLC, at its sole discretion, for a period of seven years. If this put option is exercised, the Group reached an agreement allowing it to buy back 18.9% of the Company's share capital within seven years. Similarly, the agreement provides for an extension of the exercise period to twelve years, at the sole discretion of Publicis Groupe.

Given the current conditions, these call and put options have an insignificant value at the closing date.

As of June 30, 2022, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments.

Note 18 Other information

On January 27, 2021, Epsilon Data Management LLC was ordered to pay the sum of USD 150 million (a penalty of USD 22.5 million and compensation of USD 127.5 million) as part of an investigation by the Department of Justice in the United States. The risk identified at the time of the acquisition of Epsilon was covered in the sale agreement entered into with Alliance Data Systems Corporation (ADS) by an indemnification clause under which ADS undertook to indemnify Publicis for all financial consequences related to this investigation. As of December 31, 2021, other creditors and current liabilities included a remaining debt of euro 66 million (USD 75 million) to meet this obligation. A receivable of the same amount corresponding to the compensation to be received from ADS was presented in other current receivables and current assets. In January 2022, Publicis received compensation from ADS in the amount of USD 75 million and

Publicis repaid this same amount to the United States Department of Justice.

On May 6, 2021, the Attorney General for the Commonwealth of Massachusetts filed a lawsuit against Publicis Health, LLC in connection with the work that agency and its predecessor agencies did for Purdue Pharma from 2010 to 2018 related to the marketing of opioids. The Attorney General's basic theory is 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. Publicis considers that this complaint is unfounded.

In April 2022, the Group 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.

Note 19 Operating segment information

Information by business sector

The Publicis Groupe structure has been developed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines. As of January 1, 2020, Publicis Groupe has defined ten key markets (country or region) which has led to operating segments being redefined. These ten 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 Group has therefore identified ten operating segments corresponding to the geographic regions in which it operates: United States, Canada, United Kingdom, France, DACH (Germany, Austria and Switzerland), Asia-Pacific & Africa-Middle East, Central & Eastern Europe, Western Europe, Latin America (excluding Brazil) and Brazil.

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 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⁾	1,632	3,911	665	135	204	6,547
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(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)
Non-current income and expenses	(87)	11	-	-	-	(76)
Operating income after impairment	75	574	97	8	7	761
Balance sheet items						
Intangible assets, net	2,023	10,392	1,252	190	417	14,274
Property, plant and equipment, net (including right-of-use assets on leases)	1,256	1,052	190	32	29	2,559
Other financial assets	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

/ 2021 Financial Year

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue⁽¹⁾	2,534	6,368	1,038	243	304	10,487
Revenue ⁽¹⁾	2,972	6,874	1,263	265	364	11,738
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(145)	(242)	(68)	(11)	(11)	(477)
Operating margin	401	1,270	133	30	6	1,840
Amortization of intangibles from acquisitions	(30)	(208)	(12)	(3)	(3)	(256)
Impairment loss	(18)	(104)	-	-	-	(122)
Non-current income and expenses	2	-	-	(30)	-	(28)
Operating income after impairment	355	958	121	(3)	3	1,434
Balance sheet items						
Intangible assets, net	1,950	9,480	1,143	172	394	13,139
Property, plant and equipment, net (including right-of-use assets on leases)	760	1,084	202	26	32	2,104
Other financial assets	198	45	26	5	2	276
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(30)	(92)	(13)	(3)	(1)	(139)
Purchases of investments and other financial assets, net	2	3	-	(1)	-	4
Acquisitions of subsidiaries	(25)	(203)	(44)	(4)	-	(276)

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

/ First-half 2021

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue⁽¹⁾	1,195	3,032	470	101	133	4,931
Revenue ⁽¹⁾	1,383	3,276	563	111	160	5,493
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(27)	(65)	(11)	(1)	(2)	(106)
Operating margin	132	583	91	2	7	815
Amortization of intangibles from acquisitions	(14)	(104)	(6)	(1)	(1)	(126)
Impairment loss	(20)	(73)	1	-	-	(92)
Non-current income and expenses	1	-	-	-	-	1
Operating income after impairment	99	406	86	1	6	598
Balance sheet items						
Intangible assets, net	1,930	8,950	1,155	211	337	12,583
Property, plant and equipment, net (including right-of-use assets on leases)	753	1,131	205	29	33	2,151
Other financial assets	176	50	26	5	3	260
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(55)	14	(7)	(13)	11	(50)
Purchases of investments and other financial assets, net	5	2	(3)	-	-	4
Acquisitions of subsidiaries	(9)	(50)	(15)	(3)	-	(77)

(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

Note 20 Publicis Groupe SA stock option and free share plans

Presentation of the new free share plans for 2022

Five free share plans were created in the first half of 2022, with the following features:

Long-Term Incentive Plan known as the “LTIP 2022” (March 2022)

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

- a continued presence condition, during the three-year vesting period;
- conditions for achieving the Group’s revenue growth and profitability targets for the year 2022, compared to a reference group including 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, Equality and Inclusion and in the area of combating climate change, for which indicative interim points have been set. At the end of 2022, the percentage of women in key management positions as well as the percentage change in integration of renewable energies in the Group 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 2025.

For the beneficiaries of the 2019 Special Retention Plan, this new plan replaces the third tranche whose shares were subject to performance conditions to be measured during the 2022 financial year. For the beneficiaries concerned, the LTIP 2022 plan was treated as a replacement plan with regard to IFRS 2, as was the LTIP 2021 plan which had been considered as the replacement of the second tranche whose conditions performance were to be measured in 2021.

Incentive Plans known as the “LTIP 2022 Directoire” (March 2022) and “LTIP 2022 Président du Directoire” (March and May 2022)

Under the LTIP 2022 Directoire, members of the Management Board were awarded free shares, subject to three conditions:

- a continued presence condition, during the three-year vesting period;
- conditions for achieving the Group’s revenue growth and profitability targets over the entire 2022 to 2024 period, compared to a peer group including 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, Equality and Inclusion and in the area of combating climate change, for which indicative interim points have been set. At the end of 2024, the percentage of women in key management positions as well as the percentage of change of integration of renewable energies in the Group 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 2025.

In addition, the Chairman of the Management Board was granted additional shares in May 2022 following the compensation policy adopted by the General Shareholders’ Meeting of May 25, 2022. Also, the performance conditions associated with all the shares awarded to him in March and May were aligned with the new conditions approved during this same General Shareholders’ Meeting. The conditions indicated above for the members of the Management Board are applicable to it, plus a new market condition based on the TSR (Total Shareholder Return) comparing the TSR of Publicis Groupe to that of the CAC40, as well as a condition related to talent management within the Group.

Long-Term Incentive Plan known as the “LTI Epsilon 2022 Plan” (March 2022)

The plan, set up for the exclusive benefit of Publicis Epsilon managers and employees, includes three tranches subject to a continued presence condition for 20% and financial performance conditions for 80% in respect of 2022. They are deliverable in March 2023 (30% of shares), March 2024 (30% of shares) and March 2025 (40% of shares).

Long-Term Incentive Plan known as the “Sapient 2022 Plan” (April 2022)

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

- the first tranche is subject only to a continued presence condition and gives rise to the delivery of one-fourth of the shares awarded on the yearly anniversary date during the 4 first years of the plan (*i.e.* in April 2023, 2024, 2025 and 2026);
- in addition to the continued 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 2022. Delivery will take place at the end of a three-year period, in April 2025.

Performance measurement of previous plans

In addition, the performance of the following plans was assessed in February 2022:

- Sapient 2019, 2020 and 2021 plans, Epsilon 2019-2021 replacement plan, Epsilon 2021 plan: the achievement rate of the performance objectives for the year 2021 is 100%;
- LTIP 2019-2021 Directoire Plan: the achievement rate of the performance objectives observed for the entire plan over the three years is 68.5%;
- LTIP 2021 Plan: the performance targets set were 78.5% achieved in 2021.

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Publicis Groupe share subscription or purchase option plans

/ Characteristics of Publicis Groupe stock option plans outstanding as of June 30, 2022

Plans	Type ⁽¹⁾	Date of grant	Option exercise price (in euros)	Options outstanding at January 1, 2022	Options cancelled, lapsed or transferred in the first half of 2022	Options exercised in the first half of 2022	Options outstanding at June 30, 2022	Of which exercisable as of June 30, 2022	Exercise deadline	Remaining contract life (in years)
Lionlead 2 stock options	A	04/30/2013	52.76	1,018,555	-	(175,876)	842,679	842,679	04/30/2023	0.83

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

The vesting period for the above plans has been completed, but the exercise of options remains subject to a continued presence condition until the date of exercise of the options.

Original Publicis Groupe free share plans

/ Characteristics of Publicis Groupe free share plans outstanding at June 30, 2022

Plans	Date of initial grant	Shares yet to vest as of January 1, 2022 or shares granted in 2022	Shares canceled, lapsed or transferred ⁽¹⁾ in the first half of 2022	Shares vested in the first half of 2022 ⁽²⁾	Shares yet to vest at June 30, 2022	Vesting date	Remaining contract life (in years)
Sapient 2018 Plan (4 years)	04/17/2018	36,261	(1,019)	(35,242)	-	04/17/2022	-
LTIP 2019 Plan	05/28/2019	139,225	(1,650)	(137,575)	-	05/28/2022	-
Sapient 2019 Plan (4 years)	05/28/2019	94,172	(3,954)	(46,697)	43,521	05/28/2023	0.91
Sapient 2019 Plan (3 years)	05/28/2019	207,978	(9,170)	(198,808)	-	05/28/2022	-
LTIP 2019-2021 Directoire Plan	06/14/2019	160,073	(50,413)	(109,660)	-	06/14/2022	-
Plan Star Growth Performers / 2019 Special plan	05/28/2019	212,083	(12,000)	(200,083)	-	05/28/2022	-
2019-2021 Epsilon replacement Plan	07/15/2019	151,989	(1,465)	(150,524)	-	03/31/2022	-
Special Retention Plan 2019 ⁽³⁾	11/15/2019	491,925	(98,030)	-	393,895	03/19/2025	2.72
Sapient 2020 Plan (4 years)	05/19/2020	152,805	(6,077)	(51,819)	94,909	05/19/2024	1.89
Sapient 2020 Plan (3 years)	05/19/2020	290,516	(12,150)	(5,916)	272,450	05/19/2023	0.88
LTI Epsilon 2020 Plan	07/20/2020	398,978	(14,145)	(165,965)	218,868	03/31/2023	0.75
LTIP 2021 et other specific plans ⁽⁴⁾	03/16/2021	571,759	(140,898)	-	430,861	03/16/2024	1.71
LTIP 2021 Directoire Plan	03/16/2021	151,577	-	-	151,577	03/16/2024	1.71
LTI Epsilon 2021 Plan	03/16/2021	599,827	(8,121)	(178,598)	413,108	03/31/2024	1.75
Sapient 2021 Plan (4 years)	04/13/2021	227,087	(9,000)	(54,570)	163,517	04/13/2025	2.79
Sapient 2021 Plan (3 years)	04/13/2021	340,636	(13,688)	-	326,948	04/13/2024	1.79
LTIP 2022 Plan ⁽⁴⁾	03/18/2022	634,315	-	-	634,315	03/19/2025	2.72
LTIP 2022 Directoire Plan	03/18/2022	78,004	-	-	78,004	03/19/2025	2.72
LTIP 2022 Président du Directoire Plan ⁽⁵⁾	05/25/2022	62,043	-	-	62,043	05/26/2025	2.91
LTI Epsilon 2022 Plan	03/18/2022	455,625	(1,322)	-	454,303	03/31/2025	2.75
Sapient 2022 Plan (4 years)	04/11/2022	241,275	-	-	241,275	04/11/2026	3.78
Sapient 2022 Plan (3 years)	04/11/2022	361,917	-	-	361,917	04/11/2025	2.78
Total free share plans		6,060,070	(383,102)	(1,335,457)	4,341,511		

(1) These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.

(2) In exceptional cases, as described in the plan regulations, shares may be delivered prior to the end of the vesting period.

(3) The shares of the second and third tranches are those granted respectively under the LTIP 2021 plan and the new 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 2022 plan.

(4) Excluding beneficiaries of the Special Retention Plan whose shares are presented on the line corresponding to the initial plan, the second and third tranche of which was replaced by the LTIP 2021 and LTIP 2022 plans respectively.

(5) Initially the shares were granted as of 03/18/2022 but an addition has been granted as of 05/25/2022 following shareholders General Meeting and performance conditions of the plan have been amended at the same date (see description of the new plan above).

The vesting of free shares under the above plans is conditional on continued employment 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 plan.

/ Movements in Publicis Groupe free share plans in the first half of 2022

	First-half 2022
Shares yet to vest as of January 1, 2022	4,226,891
New grants made during first half of the year	1,833,179
Share deliveries in the first-half	(1,335,457)
Shares granted and lapsed in the first-half	(383,102)
Provisional grants as of June 30, 2022	4,341,511

/ Determination of the fair value of Publicis Groupe free shares granted in the first half of 2022

Free shares	LTIP 2022 ⁽¹⁾	LTIP 2022 Board ⁽²⁾	LTIP 2022 President of the Board ⁽²⁾	LTI Epsilon 2022 ⁽¹⁾	Sapient 2022 (4 years)	Sapient 2022 (3 years) ⁽¹⁾
Date of Management Board Meeting	03/18/2022	03/18/2022	05/25/2022	03/18/2022	04/11/2022	04/11/2022
Number of shares originally granted	634,315	78,004	62,043	455,625	241,275	361,917
Initial valuation of shares granted (weighted average, in euros)	49.69	49.69	48.16	52.22	48.68	47.35
Share price on the grant date (in euros)	57.64	57.64	56.57	57.64	55.24	55.24
Vesting period (in years)	3	3	3	1 to 3	1 to 4	3

(1) Conditional shares subject to the achievement of targets set for 2022.

(2) Conditional shares subject to the achievement of targets set for the years 2022 to 2024.

Impact of share subscription or purchase option plans and free share plans on profit (loss)

The total impact of these plans on the first-half 2022 interim income statement was euro 30 million (excluding taxes and social security charges) compared to euro 25 million for the first-half 2021.

With regard to the free share plans granted subject to performance conditions, and whose performance has not yet been definitively measured as of June 30, 2022, the probability

of meeting the targets set in respect of the financial statements for the first half of 2022 has been estimated as follows:

- for performance plans measured over a one-year period, in respect of 2022 performance: 100%;
- for performance plans measured over three years, regarding the performance of the three-year period and concerning the LTIP 2021 and 2022 Directoire plans, as well as the LTIP 2022 Président du Directoire plan: 100%.

Note 21 Information on related-party transactions

During the first half of 2022, related-party transactions as described in the annual financial statements continued.

Note 22 Subsequent events

None.

CHAPTER

3

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

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 consolidated condensed interim financial statements of Publicis Groupe SA, for the period from January 1 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial have been prepared under the responsibility of your 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 accompanying consolidated condensed half-yearly financial statements are not prepared, in all material respects, in accordance with the IAS 34 from IFRS standards 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 consolidated condensed interim financial statements subject to our review.

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

Paris-La Défense, July 21, 2022

The statutory auditors

French original signed by

Olivier Lenel MAZARS

Ariane Mignon

Nicolas Pfeuty ERNST & YOUNG et Autres

Claire Cesari Walch

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, 2022 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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INFORMATION & DESIGN



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**PUBLICIS
GROUPE**

2022

Publicis Groupe SA

French limited liability company (société anonyme) with a Management Board
and a Supervisory Board, with a share capital of euro 101,384,963.60

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