HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30,

2021

This English language version of the 2021 Half-year financial report is a free translation from the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the document in French take precedence over the translation.

PUBLICIS GROUPE

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MESSAGE FROM CHAIRMAN & CEO

Arthur Sadoun
Chairman & CEO

"In the first half of the year, we had a very strong performance thanks to our model in an improving business environment.

Not only did we fully recover the revenue lost in 2020, but all of our KPIs over the first half exceeded 2019 levels.

In Q2, we posted +17.1% organic growth, improving by 2% compared to 2019, despite the effects of the pandemic.

This overperformance was largely driven by the US and Asia, which both grew +7% versus 2019.

Our US operations posted 15.2% organic growth in Q2, with Epsilon, PMX and Sapient all delivering above +25%. Asia also accelerated further with +13.6% organic growth. Europe rebounded from a low base to +23%, mirroring the progressive lifting of lockdowns.

In H1 overall, we posted organic growth of +9.7%, leading to an operating margin rate at 16.5%, the Group's highest ever for a first half period, while our free cash flow up 22%, at euro 605 million.

What is more, we once again topped new business rankings[1] for the first half of the year, thanks to a strong run of wins.

For the remaining part of the year, our ability to capture a disproportionate part of our clients' investment in data and technology means we are in a position to upgrade our 2021 guidance. We now expect to totally recover to pre-pandemic levels, a year ahead of our initial expectations, with full year organic growth at 7% and full recovery in H2, and an operating margin of 17%, provided there are no major deteriorations in the global sanitary situation.

I'd like to thank our teams for their incredible efforts in this first half of the year, and our clients for their trust and partnership. In H2 we are focused on the execution of our plan, in a context that remains challenging in many parts of the world".

(1) Source: COMvergence

CHAPTER

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INTERIM MANAGEMENT REPORT

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Publicis Groupe's Supervisory Board met on July 21, 2021, under the chairmanship of Maurice Lévy, to examine the half-yearly accounts at June 30, 2021, presented by Arthur Sadoun, Chairman of the Management Board and Chief Executive Officer.

1.1 KEY FIGURES

(in million of euros, except per-share data and percentages)	H1 2021	H1 2020	2021 vs. 2020
Data from the Income and Cash-Flow Statements:			
Net revenue	4,931	4,774	+3.3%
Pass-through revenue	562	504	+11.5%
Revenue	5,493	5,278	+4.1%
EBITDA	1,052	923	+14.0%
% of Net revenue	*21.3%*	*19.3%*	*+200 bps*
Operating margin	815	622	+31.0%
% of Net revenue	*16.5%*	*13.0%*	*+350 bps*
Operating income	598	254	+135%
Net income attributable to the Group	414	136	+204%
Earnings Per Share (EPS)	1.68	0.57	+195%
Headline diluted EPS[(1)]	2.23	1.75	+27.4%
Free Cash Flow before change in working capital requirements	605	495	+22.2%

Data from the Balance sheet	June 30, 2021	Dec. 31, 2020
Total assets	29,079	30,161
Group share of Shareholders' equity	7,690	7,182
Net debt (net cash)	1,362	833

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

1.2 MACROECONOMIC ENVIRONMENT

Economic activity in the second quarter of 2021 reaped the full benefit of a significant base effect. The overall success of the vaccination campaign led to a reduction in the epidemic and paved the way for economies to reopen. Growth calculated compared to the second quarter of 2020 was very high: it ranged from +7.1% for Japan to +21.8% for the United Kingdom. This growth could have been greater if the upturn in final demand had not been thwarted by supply problems, and in particular shortages of certain electronic semiconductor components and some industrial raw materials, whose prices have risen sharply.

Although the peak of the pandemic was reached several months ago, the health context remains an important issue in the economic outlook. Indeed, the easing of lockdown measures in many countries, particularly in Europe, had barely been completed when measures were taken (notably in Spain and Portugal) to try to contain the spread of variants.

In the United States, since the start of the crisis, lockdown measures have had a less adverse effect on the economy, which remains a high priority subject for politicians. The level of GDP for the second quarter of 2021 is expected to exceed that of the fourth quarter of 2019 (prior to the health crisis), in particular thanks to government support. This remains very high and once again generated a deficit in excess of 10% of GDP in 2021 (15% in 2020). Monetary support (quantitative easing of USD 120 billion per month) has not been called into question and is promoting activity and a rise in the price of financial assets. Overall, by mid-2021 the United States had reached the level of GDP seen before the health crisis.

In Europe, the easing of lockdown measures and the reopening of the economy, combined with public and monetary stimuli, enabled GDP to grow from 10.5% (Germany) to 17.1% (France). A return to the level of GDP seen prior to the crisis is expected in early 2022.

China is already experiencing a slowdown (+7.7% in the second quarter, following +18.3% in the first quarter), due to lesser growth in industrial production and retail sales.

In all countries, central banks are continuing to accompany governments in their measures to support and stimulate the economy: monetary conditions remain exceptionally favorable. Interest rates are very low and credit is plentiful in the main countries.

Oil prices rose sharply, to USD 75 per barrel, due to the rise in demand and the inability of producing countries to increase their production (which remains down by 5.8 mbd compared to the beginning of the crisis).

In the USA, GDP is growing sharply and is currently back to its pre-health crisis level. Despite a small delay in the vaccination program, which did not allow President Biden to achieve the objective of collective immunity for the national holiday (July 4), the health and economic recovery is confirmed and amplified. A return to the pre-health crisis level of GDP was seen during the second quarter of 2021, thanks to government support, which remains particularly high: the Federal State deficit will again exceed 10% in 2021, following 15% in 2020. Annualized GDP for the first quarter of 2021 was already very close to that of the last quarter of 2019 (difference of less than 1%). Non-agricultural jobs created reached 850,000 in June, after 583,000 in May and 269,000 in April; the unemployment rate continues its slow decline, reaching 5.9% in June compared to 6.7% at the start of the year, and 14.8% at the peak of the crisis in 2020. At the end of June 2021, there were 145.8 million Americans in private non-agricultural employment, compared with 152.5 million at the end of February 2020; the gap compared to the pre-crisis period is still -4.4%. The central bank's monetary policy is still particularly expansionary: quantitative easing is being maintained at USD 120 billion per month, and monetary rates close to zero are not expected to be raised for another 18 months. This allows share prices to continue to rise, maintaining a psychology conducive to spending and growth. Average household wealth increased by 23% year-on-year at the end of June 2021. Inflation, which has risen sharply (+5%), is considered to be transitory and should quickly subside.

In the euro zone, the recovery of growth in the second quarter of 2021 was impressive, however the epidemic context remains a major issue. Indeed, the lockdown easing was barely complete (in particular in France) when health measures were already being taken to combat the rapid emergence of the "Delta" variant. A fourth wave is possible from the end of the summer, and some geographical areas are already in a pre-lockdown situation, such as Barcelona and Lisbon. The European long-term investment plan (Next Generation EU) was approved by the various national parliaments, and the first disbursements were made for the benefit of Portugal and Italy, in particular. This is good news for the economy, as there were concerns about a delay in the release of these funds. GDP increases in the second quarter of 2021 were considerable, and the catch-up effect will be most visible over this period: +17.3%, +10.5% and +14.7% respectively for France, Germany and Italy, following +1.2%, -3.1% and -0.8% for the first quarter of 2021 compared to the corresponding quarter of 2020. This strong rebound is supported by a very generous monetary policy, since the ECB is still creating euro 120 billion per month through market purchases of government and private bonds. It is nevertheless "constrained" by supply problems, in particular a shortage of electronic components and certain raw materials, whose prices have soared.

In the United Kingdom, the "V" profile in the first half of 2021 is the most marked. Indeed, while GDP in the first quarter of 2021 fell by a record 6.1%, the rebound is even more powerful at +21.8%. This volatility is partly linked to the health policy: the four-stage lockdown easing during the second quarter was not compromised by the risks of the emergence of viral variants. There are no longer any health restrictions in the United Kingdom as of July 2021. However, although politically separate from Europe, the United Kingdom is still very dependent on the continent's economic outlook, and its economy has suffered from Brexit. The Bank of England, like the other major central banks, has not changed its quantitative easing policy of massive support for the economy.

The Chinese economy is slowing somewhat following a strong rebound. The epidemic was particularly well controlled in China. A small number of outbreaks appeared to resume in the second quarter, however the swift measures taken made it possible to contain any new epidemic. The growth profile is naturally different from that of other countries: the rebound was very marked in the first quarter of 2021 (+18.3%) compared to the first quarter of 2020, and growth slowed in the second quarter (+7.7%). Industrial production decelerated in May: +8.8% change on a monthly basis, following +9.8% in April and +14.1% in March. Retail sales suffered the same slowdown: +12.4%, +17.7% and +34.2%.

1.3 GROUP CSR POLICY

Publicis Groupe has continued making progress on its CSR roadmap, particularly in subjects of leading priority.

In March 2021, Publicis Groupe's climate change targets for 2030 were validated by the Science Based Targets initiative (SBTi). The Group wants to achieve carbon neutrality by 2030. The action plan to do this is based on three levers; the drastic reduction of all impacts by 47% for scopes 1 & 2 and by 14% for scope 3, the use of 100% renewable energy from direct sources before 2030 and, as a last resort, the use of carbon offsetting for unavoidable impacts. In addition, our proprietary tool for evaluating the impacts of campaigns and projects, A.L.I.C.E (Advertising Limiting Impacts & Carbon Emissions), is currently being deployed in order to better assist clients in these areas.

The global pandemic has accelerated the digital transformation of the Group's customers, who must also integrate sustainability issues into their activities. Climate change and social justice issues are now important in the criteria of citizen-consumers when they make their choices. At the same time, and as the European regulatory context progresses, we observe stronger expectations for the future being expressed by stakeholders, with more precise questions coming from investors and shareholders. In this context, Publicis Groupe announced on May 26, 2021 the creation of a new Supervisory Board committee dedicated to environmental, societal and stakeholder issues; this ESG Committee is chaired by Suzy LeVine.

Equality and inclusion, the fight against racism and for social justice remained central during the first half of the year. On 2 and 3 June 2021, the 'Pause For Action' days were held for the second year and provided an opportunity to share progress and good practice across the Group in the areas of diversity, equality and inclusion, and to discuss the day-to-day work that is essential in agencies in terms of talent retention and career development. The 2nd of June was dedicated to a global review of the current situation and practices, and the 3rd of June was dedicated to the situation in the United States.

Employee health remained a strong internal focus, with different situations between countries and sometimes painful consequences for our employees, such as in India where many of our employees were severely affected. The protection of all employees is an absolute priority, by following national confinement and deconfinement guidelines and recommended barrier actions. Local HR/Talent teams remain vigilant with highly structured recovery plans, ensuring that teleworking is combined with a gradual return to the office at various sites where possible.

The Marcel internal platform has become a unifying space, with quarterly plenary sessions led by Arthur Sadoun, Chairman of the Management Board, and monthly sessions with country managers and their Comexes. During this period of uncertainty, the objective is to maintain a close and regular link with all employees and to answer their questions. Employees have continued to benefit from individual support programmes to look after their physical and mental health, and have wide access to many online training programmes.

In April 2021, Publicis Groupe announced a partnership between the Women's Forum for the Economy & Society and the Positive Economy Institute, as well as a change in the governance of the Women's Forum with Audrey Tcherkoff, Executive Chair of the Positive Economy Institute, also appointed executive director of the Women's Forum. The creation of a Global Advisory Council has also been launched in order to give even greater visibility to the Women's Forum initiatives.

In June 2021, VivaTech took place in a hybrid format, with a physical event gathering more than 26,000 participants in Paris (capacity restricted for health reasons), and digital sessions during 3 days gathering more than 100,000 participants including prestigious guests from the Tech industry and innovative start-ups.

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 summarised in the CSR Smart data section.

1.4 ACQUISITIONS & DISPOSALS

There were no significant transaction on the period.

1.5 ANALYSIS OF THE FINANCIAL SITUATION AND RESULT

Simplified consolidated income statement

(in millions of euros)	H1 2021	H1 2020	2021 *vs.* 2020
Net revenue	**4,931**	**4,774**	**+3.3%**
Pass-through revenue	562	504	+11.5%
Revenue	**5,493**	**5,278**	**+4.1%**
Personnel costs	(3,174)	(3,224)	-1.5%
Other operating costs	(1,267)	(1,131)	+12.0%
Operating margin before Depreciation & Amortization	**1,052**	**923**	**+14.0%**
Depreciation & Amortization	(237)	(301)	-21.3%
Operating margin	**815**	**622**	**+31.0%**
Operating margin rate (% of Net revenue)	***16.5%***	***13.0%***	***+350 bps***
Amortization of intangibles arising from acquisitions	(126)	(142)	-11.3%
Impairment	(92)	(231)	-60.2%
Other non-recurring income (expense)	1	5	-80.0%
Operating income	**598**	**254**	**+135%**
Financial income (expense)	(50)	(92)	-45.7%
Revaluation of earn-out *costs*	(5)	2	-
Income tax	(135)	(39)	-
Share of profit of Associates	-	(2)	-
Minority interests	6	13	-
Group net income	**414**	**136**	**+204%**

Net revenue in Q2 2021

Publicis Groupe's net revenue in Q2 2021 was euro 2,539 million compared to euro 2,293 million in Q2 2020, up by +10.7%. Exchange rate variations had a euro 125 million negative impact. The acquisitions (net of disposals) contributed euro 2 million to net revenue.

Organic growth was +17.1% in Q2 2021. This implies a recovery ratio of 102%(1) over the period, after a -13.0% decline in Q2 2020 when the Group was very impacted by the effects of the Covid-19 pandemic. All regions strongly recovered in the second quarter and posted double-digit organic growth. Q2 came ahead of expectations reflecting two main factors. First, an improving global context, characterized by mass re-openings in Europe and a continued uplift in the US economy. Second, the strength of the model, which enabled the Group to continue to capture the ongoing shift in clients' investment towards data management, digital media, direct-to-consumer channels and commerce in general.

/ Breakdown of Q2 2021 Net revenue by region

(in millions of euros)	Net revenue Q2 2021	Net revenue Q2 2020	Reported growth	Organic growth	Recovery Ratio(1)
North America	1,527	1,458	+4.7%	+15.1%	106%
Europe	634	510	+24.3%	+23.0%(2)	94%(2)
Asia Pacific	253	215	+17.7%	+13.6%	107%
Middle East & Africa	71	60	+18.3%	+22.8%	94%
Latin America	54	50	+8.0%	+15.9%	92%
Total	**2,539**	**2,293**	**+10.7%**	**+17.1%**	**102%**

Net revenue in North America was up by +15.1% on an organic basis in the second quarter (+4.7% on a reported basis including the negative impact of the US Dollar/Euro exchange rate). This strong performance was driven by a +15.2% organic growth in the US, accelerating from the +5.1% posted in Q1. The recovery ratio in the US is at 107%, implying a 7% growth compared to 2019 level. In the US, Q2 saw a particularly high demand for digital media, first party data management and direct-to-consumer products and services. In this context, Epsilon was up by +31.1% and Publicis Sapient by +27.0% organically. The same trend was visible in the Group's digital media unit PMX, which supported overall media growth. Health operations grew double digit again this quarter. Creative activities were positive, showing sequential improvement after being flat in Q1, with notably a strong growth in production activities.

Activities in Europe rebounded from a low base and the region recovered most of the value lost in 2020 with organic growth at +23.0%(2), mirroring the progressive lifting of lockdowns (+24.3% on a reported basis). UK operations returned to positive growth at +10.0% organic. In France, all activities bounced back strongly, with net revenue up by +30.6%(3). Germany accelerated to +9.6% organic growth while Italy was up by +36.9%.

Asia Pacific was up by +13.6% on an organic basis (+17.7% reported), accelerating in Q2. This translated into a strong recovery ratio of 107% after an organic growth of -5.7% in Q2 2020. China reported an organic growth of +8.0%, Australia of +7.3% and India of +35.4%.

Net revenue in the Middle East and Africa region was up by +22.8% on an organic basis (+18.3% reported).

Net revenue in Latin America was up by +15.9% on an organic basis, translating into a recovery ratio of 92% as the region remained impacted by the sanitary situation. Growth on a reported basis was +8.0%, as the impact from currencies in the region remained negative.

Net revenue in H1 2021

Publicis Groupe's net revenue for the first half 2021 was euro 4,931 million, up by +3.3% compared to euro 4,774 million in H1 2020. Exchange rate variations over the period had a negative impact of euro 276 million. Acquisitions (net of disposals) have a negative impact of euro 1 million on net revenue.

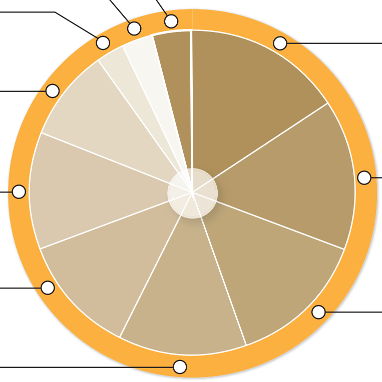
Organic growth was +9.7% in H1 2021. This implies a recovery ratio of 101%(1) over the period, after a -8.0% decline in H1 2020. Following an organic growth of +2.8% in the first quarter, the Group accelerated to +17.1% in the second quarter. In H1 2021, all regions posted positive organic growth.

(1) Recovery ratio calculated as: 100 * [1 + organic growth (n-1)] * [1 + organic growth (n)].

(2) +16.9% excluding outdoor media activities and the Drugstore, i.e. a 97% recovery ratio.

(3) Excluding outdoor media activities and the Drugstore.

/ Breakdown of H1 2021 net revenue by sector



Based on 3,250 clients representing 92% of the Group's net revenue.

/ Breakdown of H1 2021 net revenue by region

(in millions of euros)	Net revenue H1 2021	Net revenue H1 2020	Reported growth	Organic growth	Recovery Ratio[1]
North America	3,032	3,013	+0.6%	+9.7%	106%
Europe	1,195	1,088	+9.8%	+10.0%[2]	92%[2]
Asia Pacific	470	434	+8.3%	+9.8%	106%
Middle East & Africa	133	135	-1.5%	+4.3%	92%
Latin America	101	104	-2.9%	+12.0%	94%
Total	**4,931**	**4,774**	**+3.3%**	**+9.7%**	**101%**

Net revenue in North America was up by +9.7% on an organic basis in the first half (+0.6% on a reported basis including the negative impact of the US Dollar/ Euro exchange rate). This strong performance was driven by a +10.0% organic growth in the US reflecting a solid Q1 (+5.1%) and an acceleration to +15.2% in Q2. Overall, the recovery ratio in the US was 106%[1], representing a growth of +6% compared to H1 2019.

Europe rebounded with a +10.0% organic growth in H1 (+9.8% on a reported basis). Excluding the impact of the Group's outdoor media activities and the Drugstore in France, that were closed in Q2 2020, the organic growth in Europe is +9.7%, representing a recovery ratio of 96%. All countries bounced back although the performance remained mixed, reflecting different activity mix, local economic situations and variable comparable basis in H1 2020. The UK was positive at +3.6% organic, France at +17.2%[3], Germany at +7.8% and Italy up by +28.2%.

Asia Pacific net revenue was up by +9.8% on an organic basis (+8.3% reported). China reported an organic growth of +5.8%, Australia was up by +5.1% on an organic basis and India by +22.6%.

Net revenue in the Middle East and Africa region was up by +4.3% on an organic basis (-1.5% reported).

Net revenue in Latin America was up by +12.0% on an organic basis. It was down by -2.9% on a reported basis, as the negative impact from currencies in the region continued to be significant. Brazil grew by +11.7% organically and Mexico was almost flat at -0.4%.

(1) Recovery ratio calculated as: 100 * [1 + organic growth (n-1)] * [1 + organic growth (n)].
(2)+9.7% excluding outdoor media activities and the Drugstore, i.e. a *96%* recovery ratio.
(3) Excluding outdoor media activities and the Drugstore.

Operating margin & operating income

EBITDA amounted to euro 1,052 million in H1 2021, compared to euro 923 million in H1 2020, up by 14.0%. This translates into a margin rate of 21.3% of net revenue (+200 basis points compared to H1 2020 and +100 basis points compared to H1 2019).

- Personnel costs totaled euro 3,174 million at June 30, 2021, down by 1.6% from euro 3,224 million in H1 2020. This evolution reflects the impact of the cost reduction plan launched in 2020 when the crisis started, partly offset by the continued investment in the Group's talents. As a percentage of net revenue, personnel expenses represented 64.4% in H1 2021, down by 310 basis points compared to 67.5% in H1 2020. This decrease partly reflects the strong ramp up in net revenue in the first half that was not immediately matched by a rise in costs. Fixed personnel costs were euro 2,779 million and represented 56.4% of net revenue *versus* 59.9% in H1 2020. On the other hand, the cost of freelancers increased by euro 28 million in H1 2021, in parallel with the uplift in activity, representing euro 169 million. Provision for bonus increased by euro 65 million to reach euro 182 million in H1 2021, reflecting the good performance achieved. Restructuring costs reached euro 12 million, a significant and expected decrease *vs*. euro 69 million in H1 2020.
- Other operating expenses (excluding depreciation & amortization) amounted to euro 1,267 million, compared to euro 1,131 million in H1 2020. This represents 25.7% of net revenue compared to 23.7% in H1 2020. This includes a rise in cost of sales for euro 48 million as a couple of large outdoor engagements have been extended for a short-term period. The related minimum payments were accounted directly in other operating expenses rather than as a right of use and lease liability. This increase was partly offset by a decline in other G&A, notably in travel expenses that continued to be down year-on-year *versus* H1 2020.

Depreciation and amortization charge was euro 237 million in H1 2021 compared to euro 301 million in H1 2020, down by 21.3%. This decrease of euro 64 million largely reflects the impact of the short-term contracts described above in other operating expenses.

As a result, the operating margin amounted to euro 815 million, up by 31.0% compared to H1 2020. This represents an operating margin rate of 16.5% in the first half 2021, up by 350 basis points from 13.0% in H1 2020 and by 150 basis points from the 15.0% in H1 2019 (excluding Epsilon's transaction costs).

Operating margin rates by geographies were 19.2% in North America, 11.0% in Europe, 19.4% in Asia-Pacific, 5.3% in Middle East and Africa and 2.0% in Latin America.

Amortization of intangibles arising from acquisitions totaled euro 126 million in H1 2021, down by euro 16 million *versus* H1 2020. Impairment losses amounted to euro 92 million, a reduction of euro 139 million *versus* H1 2020. This decrease reflects the advanced stage of the Group's real estate consolidation plan "All in One", which is leading to a reduction in the number of sites, while allowing better collaboration between the teams. In addition, net non-current income is positive at euro 1 million compared to euro 5 million in H1 2020.

Operating income totaled euro 598 million in H1 2021, after euro 254 million in H1 2020.

Other income statement items

The financial result, comprising the cost of net financial debt and other financial charges and income, is a charge of euro 55 million in H1 2021 compared to euro 90 million last year. The net charge on net financial debt was euro 45 million in H1 2021, including euro 40 million related to Epsilon's acquisition debt. It compared to a charge of euro 48 million in H1 2020. Other financial income and expenses were a charge of euro 5 million in H1 2021, notably composed by euro 35 million interest on lease liabilities and euro 32 million in income from the fair value remeasurement of Mutual funds. In H1 2020, other financial income and expenses were a charge of euro 44 million, including euro 40 million of interest on lease obligations and a charge of euro 4 million from the fair value remeasurement of Mutual funds.

The revaluation of earn-out payments amounted to a charge of euro 5 million at end-June, compared to an income of euro 2 million in H1 2020.

The tax charge is euro 135 million in H1 2021, corresponding to a forecast effective tax rate of 24.7% in 2021, compared to euro 39 million in H1 2020, corresponding to a forecast effective tax rate of 25.0% in 2020.

The share in the profit of associates is not significant in H1 2021, compared to a loss of euro 2 million in H1 2020. Minority interests were an income of euro 6 million in Group results in H1 2021 compared to an income of euro 13 million in the previous year.

Overall, net income attributable to the Group was euro 414 million at June 30, 2021, compared to euro 136 million at June 30, 2020.

Balance sheet and cash flow statement

Simplified Balance sheet

(in millions of euros)	June 30, 2021	December 31, 2020
Goodwill (net)	11,175	10,858
Other intangibles (net)	1,408	1,509
Net right-of-use assets related to leases	1,544	1,645
Other fixed assets (net)	890	882
Current and deferred taxes	(319)	(326)
Working capital requirements	(2,851)	(3,731)
Total assets	**11,847**	**10,837**
Group share of Shareholders' equity	7,690	7,182
Minority interests	(46)	(22)
Total shareholders' equity	**7,644**	**7,160**
Long and short-term provisions	727	702
Net financial debt	1,362	833
Lease obligations	2,114	2,142
Total liabilities	**11,847**	**10,837**

Consolidated equity attributable to holders of the parent company increased from euro 7,182 million at December 31, 2020 to euro 7,690 million at June 31, 2021.

Minority interests were negative at euro 46 million, after euro 22 million at December 31, 2020.

Net financial debt

(in millions of euros)	June 30, 2021	December 31, 2020
Financial debt (long and short-term)	4,295	4,509
Fair value of hedging derivatives on the 2025, 2028 and 2031 Eurobonds(1)	(13)	(65)
Fair value of derivatives hedging intragroup loans and borrowings(1)	39	89
Total financial debt including market value of the associated derivatives	**4,321**	**4,533**
Cash and cash equivalents	(2,959)	(3,700)
Net financial debt	**1,362**	**833**
Debt/equity (including minority interests)	**0.18**	**0.12**

(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 1,362 million as of June 30, 2021 compared to euro 833 million as of December 31, 2020.

The Group's average net debt in H1 2021 amounted to euro 1,616 million compared to euro 3,684 million in H1 2020. In December 2020, two tranches of the medium-term loan, taken to finance part of the acquisition of Epsilon, were early repaid for euro 940 million.

Cash flow

Net cash flow from operations resulted in an outflow of euro 274 million in the first six months of 2021, after a surplus of euro 31 million for the corresponding period in the previous year. Income tax paid totaled euro 163 million in 2021 compared with euro 74 million in 2019, mostly due to the rise in the Group operating income but also a catch-up effect from some postponements in 2020 for tax payment in several countries. Working capital requirements deteriorated by euro 1,191 million, *vs*. a deterioration of euro 853 million in H1 2020.

Net cash flows from investments includes acquisitions and disposals of tangible and intangible fixed assets, net acquisitions of financial assets and acquisitions and disposals of subsidiaries. Net cash flows from investing activities resulted in an outflow of euro 123 million in H1 2021 compared with an outflow of euro 115 million in H1 2020. Net investments in property, plant and equipment and intangible assets amounted to euro 50 million (including investments relating to the "All in One" real estate plan) compared with euro 73 million in H1 2020. Net investment in the acquisition of subsidiaries amounted to euro 77 million compared with euro 35 million in 2020.

Financing operations represented an outflow of euro 447 million at June 30, 2021, after a surplus of euro 339 million at June 30, 2020. The surplus in H1 2020 came mainly from the drawdown of 2 billion RCF in March to face any potential liquidity impact relating to the global pandemic, repaid by half in June. The outflow in H1 2021 is mainly due to loan repayments for euro 190 million (of which euro 150 million related to the repayment of a medium-term loan for the acquisition of Epsilon). And also due to paid interests for euro 94 million in H1 2021 compared to euro 106 million in H1 2020. Finally, repayment of lease liabilities and related interests amounted to euro 179 million in H1 2021 compared to euro 234 million in H1 2020.

In total, the Group's cash position net of credit balances on bank accounts decreased by euro 742 million in the first half of 2021, compared with an increase of euro 330 million over the corresponding period in the previous year.

Including lines of credit that can be drawn down on short notice, the Group's available liquidity amounted to euro 5,446 million at June 30, 2021 compared to 6,306 million at December 31, 2020 and 5,369 million at June 30, 2020.

Free Cash Flow

The table below shows the calculation of the Groupe's free cash-flow:

(in millions of euros)	H1 2021	H1 2020
EBITDA	**1,052**	**923**
Repayment of lease commitments and associated interest	(179)	(234)
Investments in fixed assets (net)	(50)	(73)
Financial interest paid (net)	(82)	(81)
Income tax paid	(163)	(74)
Other	27	34
Free cash flow before variations in WCR	**605**	**495**
Variation in working capital requirements	(1,191)	(853)
Free cash-flow	**(586)**	**(358)**

The Group's free cash-flow before change in working capital requirements, is up strongly, by euro 110 million compared to H1 2020, at euro 605 million. Repayment of lease liabilities and related interests amounted to euro 179 million. Net investments in fixed assets have decreased by euro 23 million. Financial interest paid mostly include interests on the acquisition debt of Epsilon, and totalled euro 82 million. Tax paid amounted to euro 163 million, up compared to euro 74 million in H1 2020. This reflects mostly the rise in the Group operating income but also a catch-up effect from some postponements in 2020 for tax payment in several countries. The change in working capital is negative at euro -1,191 million compared to euro -853 million in H1 2020. Free cash-flow after change in working capital requirements is therefore negative at euro -586 million, down compared to last year at euro -358 million.

Related party transactions

There are no new related party transactions entered into during the first half of 2021.

Publicis Groupe (parent company)

Publicis Groupe's revenue is entirely comprised of rental income on real estate and fees for services rendered to the Group's subsidiaries.

Operating revenues totaled euro 58 million in H1 2021 compared to euro 51 million in H1 2020. It is composed by rental income on real estate and fees for services to the Group's subsidiaries, for euro 14 million (euro 15 million in H1 2020), and pass-through revenue and other income for euro 44 million (euro 36 million in H1 2020).

Operating expenses for the period amounted to euro 55 million in H1 2021, compared with euro 48 million in the same period of the previous year.

Financial income amounted to euro 4 million in H1 2021 compared to euro 48 million in 2020. This decrease is mainly due to lower interests on intragroup loans (minus 39 million) and no dividends received in H1 2021 after euro 6 million in H1 2020.

Financial expenses totaled euro 36 million in H1 2021, compared to euro 62 million in H1 2020. Last year, the financial expenses included euro 13 million related to cross currency swaps for Eurobonds 2021 and 2024 that have been unwound in advance in December 2020, and euro 8 million of interests related to the 2 billion RCF that was drawn in H1 2020.

Pre-tax profit is a loss of euro 30 million for the first half of 2021, against a loss of euro 10 million in the first half of 2020.

After inclusion of a euro 1 million income tax credit resulting from tax consolidation in France (euro 2 million in H1 2020), Publicis Groupe, the Group's parent company, posted a loss of euro 29 million at June 30, 2021, after euro 8 million at June 30, 2020.

1.6 POST CLOSING EVENT

On July 15, 2021, Publicis announced the acquisition of CitrusAd, a software as a service (SaaS) platform optimizing brands marketing performances directly within retailer websites, an Australian-based company.

CitrusAd's onsite expertise complemented with Epsilon's offsite retail media offering, both powered by the CORE ID, uniquely positions Publicis Groupe to lead the new generation of identity-led retail media, with transparent measurement validated by transaction.

In a fast-growing retail media channel set to double in the next 5 years from c. USD 30 billion annually already, this will enable Publicis Groupe clients to accelerate their growth in this dynamic channel, give them full visibility on the consolidated performance of their media investments and an unparalleled access to highly-qualified first-party data from retailers, equipping them for a cookieless world.

1.7 OUTLOOK

In the first half 2021, the Group totally recovered the revenue lost in the same period in 2020, posting a +9.7% organic growth after -8.0% in H1 2020, thanks to the strength of its model in an overall improving business environment.

For the full year 2021 and assuming no major deterioration in health situation, the Group now expects to be in a position to fully recover its 2020 organic decline of -6.3%, one year ahead of its initial expectations. This implies an organic growth of 7% for 2021.

Regarding operating margin, the Group upgrades its guidance for the full year 2021 after an exceptionally strong performance in the first half. 2021 operating margin will come back to pre-pandemic levels, at 17%, while the Group will continue to invest in talents and product in the second half, to prepare future growth.

The Group also upgrades its 2021 guidance for Free Cash Flow before working capital requirement, which should be between euro 1.2 billion and euro 1.3 billion, further contributing to the Group deleveraging.

CHAPTER

2

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS ENDED JUNE 30, 2021

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2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Note	June 30, 2021 (6 months)	June 30, 2020 (6 months)	December 31, 2020 (12 months)
Net revenue[1]		**4,931**	**4,774**	**9,712**
Pass-through revenue		562	504	1,076
Revenue		**5,493**	**5,278**	**10,788**
Personnel costs	4	(3,174)	(3,224)	(6,242)
Other operating costs		(1,267)	(1,131)	(2,388)
Operating margin before depreciation & amortization		**1,052**	**923**	**2,158**
Depreciation and amortization expense (excluding acquisition-related intangible assets)	5	(237)	(301)	(600)
Operating margin		**815**	**622**	**1,558**
Amortization of intangibles from acquisitions	5	(126)	(142)	(339)
Impairment loss	5	(92)	(231)	(241)
Non-current income and expenses	6	1	5	5
Operating income		**598**	**254**	**983**
Financial expense		(57)	(95)	(185)
Financial income		12	47	66
Cost of net financial debt	7	**(45)**	**(48)**	**(119)**
Other financial income and expenses	7	(5)	(44)	(79)
Revaluation of earn-out payments	7	(5)	2	(17)
Pre-tax income of consolidated companies		**543**	**164**	**768**
Income taxes	8	(135)	(39)	(196)
Net income of consolidated companies		**408**	**125**	**572**
Share of profit of associates	11	-	(2)	(1)
Net income		**408**	**123**	**571**
Of which:				
• Net income attributable to non-controlling interests		(6)	(13)	(5)
• Net income attributable to equity holders of the parent company		414	136	576

Per share data (in euros) **– Net income attributable to equity holders of the parent company**	9			
Number of shares		*246,106,455*	*237,468,157*	*239,838,347*
Earnings per share		1.68	0.57	2.40
Number of diluted shares		*248,475,342*	*238,280,061*	*241,926,553*
Diluted earnings per share		1.67	0.57	2.38

(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, 2021 (6 months)	June 30, 2020 (6 months)	December 31, 2020 (12 months)
Net income for the period (a)	**408**	**123**	**571**
Comprehensive income that will not be reclassified to income statement			
• Actuarial gains (and losses) on defined benefit plans	24	(24)	(20)
• Deferred taxes on comprehensive income that will not be reclassified to income statement	(6)	4	3
Comprehensive income that may be reclassified to income statement			
• Remeasurement of hedging instruments	17	(134)	(89)
• Consolidation translation adjustments	233	(133)	(633)
Total other comprehensive income (b)	**268**	**(287)**	**(739)**
Total comprehensive income for the period (a) + (b)	**676**	**(164)**	**(168)**
Of which:			
• Total comprehensive income for the period attributable to non-controlling interests	(6)	(10)	(7)
• Total comprehensive income for the period attributable to equity holders of the parent company	682	(154)	(161)

2.3 CONSOLIDATED BALANCE SHEET

(in millions of euros)	Notes	June 30, 2021	December 31, 2020
Assets			
Goodwill, net	10	11,175	10,858
Intangible assets, net		1,408	1,509
Right-of-use assets related to leases	16	1,544	1,645
Property, plant and equipment, net		607	626
Deferred tax assets		178	137
Investments in associates	11	23	24
Other financial assets	12	260	232
Non-current assets		**15,195**	**15,031**
Inventories and work-in-progress		277	230
Trade receivables		8,818	9,508
Assets on contracts		1,029	889
Other current receivables and assets		801	803
Cash and cash equivalents		2,959	3,700
Current assets		**13,884**	**15,130**
Total assets		**29,079**	**30,161**
Equity and Liabilities			
Share capital		101	99
Additional paid-in capital and retained earnings, Group share		7,589	7,083
Equity attributable to holders of the parent company	**13**	**7,690**	**7,182**
Non-controlling interests		(46)	(22)
Total equity		**7,644**	**7,160**
Long-term borrowings	15	3,461	3,653
Long-term lease liabilities	16	1,819	1,850
Deferred tax liabilities		235	247
Long-term provisions	14	493	468
Non-current liabilities		**6,008**	**6,218**
Trade payables		11,330	12,887
Liabilities on contracts		347	404
Short-term borrowings	15	834	856
Short-term lease liabilities	16	295	292
Income taxes payable		343	296
Short-term provisions	14	234	234
Other creditors and current liabilities		2,044	1,814
Current liabilities		**15,427**	**16,783**
Total equity and liabilities		**29,079**	**30,161**

2.4 CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of euros)	June 30, 2021 (6 months)	June 30, 2020 (6 months)	December 31, 2020 (12 months)
Cash flow from operating activities			
Net income	408	123	571
Neutralization of non-cash income and expenses:			
• Income taxes	135	39	196
• Cost of net financial debt	45	48	119
• Capital losses (gains) on disposal of assets (before tax)	(1)	(5)	(6)
• Depreciation, amortization and impairment loss	455	674	1,180
• Share-based compensation	25	28	55
• Other non-cash income and expenses	11	47	94
• Share of profit of associates	-	2	1
Dividends received from associates	2	2	2
Taxes paid	(163)	(74)	(293)
Change in working capital requirements(1)	(1,191)	(853)	1,047
Net cash flows generated by (used in) operating activities (I)	**(274)**	**31**	**2,966**
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	(50)	(83)	(167)
Disposals of property, plant and equipment and intangible assets	-	10	12
Purchases of investments and other financial assets, net	4	(7)	(9)
Acquisitions of subsidiaries	(77)	(37)	(146)
Disposals of subsidiaries	-	2	1
Net cash flows generated by (used in) investing activities (II)	**(123)**	**(115)**	**(309)**
Cash flow from financing activities			
Dividends paid to holders of the parent company	-	-	(102)
Dividends paid to non-controlling interests	(2)	(4)	(10)
Proceeds from borrowings(2)	1	2,091	2
Repayment of borrowings(2)	(190)	(1,436)	(1,302)
Repayment of lease liabilities	(144)	(194)	(384)
Interest paid on lease liabilities	(35)	(40)	(77)
Interest paid	(94)	(106)	(184)
Interest received	12	25	71
Buy-out of non-controlling interests	(4)	-	(10)
Net (buybacks)/sales of treasury shares and warrants	9	3	8
Net cash flows generated by (used in) financing activities (III)	**(447)**	**339**	**(1,988)**
Impact of exchange rate fluctuations (IV)	**102**	**75**	**(379)**
Change in consolidated cash and cash equivalents (I + II + III + IV)	**(742)**	**330**	**290**
Cash and cash equivalents on January 1st	3,700	3,413	3,413
Bank overdrafts on January 1st	(3)	(6)	(6)
Net cash and cash equivalents at beginning of year (V)	**3,697**	**3,407**	**3,407**
Cash and cash equivalents at closing date	2,959	3,743	3,700
Bank overdrafts at closing date	(4)	(6)	(3)
Net cash and cash equivalents at end of the year (VI)	**2,955**	**3,737**	**3,697**
Change in consolidated cash and cash equivalents (VI - V)	**(742)**	**330**	**290**

(1) Breakdown of change in working capital requirements

Change in inventory and work-in-progress	(32)	67	139
Change in trade receivables and other receivables	847	2,605	(24)
Change in accounts payable, other payables and provisions	(2,006)	(3,525)	932
Change in working capital requirements	**(1,191)**	**(853)**	**1,047**

(2) 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
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**
236,956,827	**December 31, 2019**	**96**	**4,137**
	Net income		
	Other comprehensive income, net of tax		
	Total comprehensive income for the period	**-**	**-**
	Dividends		
274,325	Share-based compensation, net of tax		
	Effect of acquisitions and commitments to buy-out non-controlling interests		
1,602	Equity warrant exercise	-	0
1,164,001	(Buybacks)/sales of treasury shares		
238,396,755	**June 30, 2020**	**96**	**4,137**

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
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**
3,240	**(185)**	**113**	**7,401**	**(9)**	**7,392**
136			136	(13)	123
	(136)	(154)	(290)	3	(287)
136	**(136)**	**(154)**	**(154)**	**(10)**	**(164)**
(273)			(273)	(4)	(277)
28			28		28
0			0	2	2
0			0		0
28			28		28
3,159	**(321)**	**(41)**	**7,030**	**(21)**	**7,009**

2.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED 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, 2021 and the accompanying notes were approved by the Management Board on July 19, 2021 and reviewed by the Supervisory Board on July 21, 2021.

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, 2021 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, 2021 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 dated December 31, 2020, and presented in the Universal Registration Document filed with the AMF (Autorité des marchés financiers (the French Financial Markets Authority) on April 9, 2021 ("2020 Universal Registration Document", pages 207 to 216).

New applicable standards and interpretations

Application of new standards and interpretations

As of June 30, 2021, the Group has not adopted any new standards or interpretations.

Early application

As of June 30, 2021, 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 judgements 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 2021 are of the same nature as those described as at December 31, 2020 in the 2020 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, 2021, the assumptions used continue to take into account the effects of the Covid-19 crisis. Actual outcomes may, however, vary significantly from these estimates.

Note 2 Impact of Covid-19 on condensed consolidated interim financial statements

The main assumptions and estimates affecting the application of the accounting methods were reviewed to continue taking into account the context of the Covid-19 crisis. The main effects are as follows:

Impairment tests on goodwill

In the absence of any indication of impairment, the Group did not perform impairment tests on goodwill.

Exposure to credit risk

In accordance with the Group's Accounting policies and methods, a review of trade receivables has been carried out to identify those that present a risk of non-recovery. Impairment of trade receivables has been recognized on a case-by-case basis in the interim financial statements.

In respect of the expected losses on receivables, the simplified approach permitted by IFRS 9 and applied by the Group was adapted to factor in the growing risks associated with the crisis at December 31, 2020. This method was maintained in 2021. For the first half of the year, trade receivables were impaired by an amount of euro 43 million, recognized under other operating costs.

Exposure to liquidity risk

An analysis of the Group's general funding requirements has been carried out. Taking into account the undrawn available credit lines, the Group has sufficient liquidity to meet its needs for the next 12 months.

Note 3 Changes to consolidation scope

Acquisitions during the period

There were no major acquisitions during the period.

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 35 million. This amount mainly includes:

- euro 17 million paid out during the period;
- euro 18 million in earn-out payment commitments;
- euro 0 million in commitments to buy-out non-controlling interests.

The amount paid out in the first half of 2021 for acquisitions (net of cash and cash equivalents acquired) totaled euro 77 million and includes:

- euro 17 million paid out during the period;
- euro (4) million in acquired net cash and cash equivalents;
- euro 64 million in earn-out payments relating to prior acquisitions paid out during the period.

Taken as a whole, all acquisitions made over the period represented less than 1% of consolidated revenue in the first half of 2021 and less than 1% of net income attributable to equity holders of the parent company.

Disposals during the period

There were no major disposals during the period.

Note 4 Personnel costs and headcount

Personnel costs include salaries, commissions, employee profit-sharing, vacation pay and bonus estimation. They also include expenses related to share-based payments (stock option and free share plans) and expenses related to pensions (excluding the net effect of unwinding the discount on benefit obligations, which is included in other financial income and expenses).

(in millions of euros)	June 30, 2021 (6 months)	June 30, 2020 (6 months)
Compensation	(2,499)	(2,573)
Social security charges, including post-employment benefits	(481)	(482)
Share-based payments	(25)	(28)
Temporary employees and freelancers	(169)	(141)
Total	**(3,174)**	**(3,224)**

/ Breakdown of headcount at June 30 by geographic region

	June 30, 2021	December 31, 2020	June 30, 2020
Europe	20,711	20,149	21,026
North America	26,096	25,409	25,846
Latin America	6,761	6,171	6,116
Asia Pacific	25,889	24,129	24,202
Middle East & Africa	3,135	3,193	3,597
Total	**82,592**	**79,051**	**80,787**

Note 5 Depreciation, amortization and impairment loss

(in millions of euros)	June 30, 2021 (6 months)	June 30, 2020 (6 months)
Amortization of other intangible assets (excluding intangibles arising from acquisitions)	(43)	(24)
Depreciation of property, plant and equipment	(66)	(77)
Amortization of right-of-use assets	(128)	(200)
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	**(237)**	**(301)**
Amortization of intangibles from acquisitions	(126)	(142)
Impairment of right-of-use assets	(92)	(231)
Total depreciation, amortization and impairment loss	**(455)**	**(674)**

Amortization of intangibles arising from acquisitions

The amortization expense for brands represented euro 44 million in the first half of 2021. In the first half of 2020, the amortization expense relating to the brands amounted to euro 48 million.

The amortization expense for Epsilon intangible assets stood at euro 64 million in the first half of 2021. It amounted to euro 68 million in the first half of 2020.

Other acquisition-related intangible assets with a finite useful life were also amortized for euro 18 million.

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.

Euro 92 million impairment losses were recognized in the first half 2021 (euro 70 million net of tax), including euro 67 million for right-of-use assets and euro 7 million for fixtures. Expenses such as facility management expenses and any taxes on vacant properties in the amount of euro 18 million are included in vacant property provisions; they also include early termination penalties.

Impairment losses in the first half 2020 reached euro 231 million, of which euro 128 million for right-of-use assets and euro 42 million for fixtures. Expenses such as facility management expenses and any taxes on vacant properties in the amount of euro 61 million are included in vacant property provisions; they also include early termination penalties.

Goodwill impairment loss

In a context of recovery, no impairment indicators have been identified.

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, 2021 (6 months)	June 30, 2020 (6 months)
Capital gains (losses) on disposal of assets	1	2
Non-current income and (expenses)	0	3
Total non-current income and (expenses)	**1**	**5**

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

In the first half of 2020, euro (2) million in respect of capital losses on asset disposals were related to the sale of Matomy Media Group, and euro 4 million in respect of the fair value adjustment of securities previously held in Sapient.i7 Limited, as part of the Group's takeover in the first half of 2020. The other non-current income and expenses mainly relate to the extinguishment of a debt from a past acquisition.

Note 7 Financial income and expenses

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

(in millions of euros)	June 30, 2021 (6 months)	June 30, 2020 (6 months)
Financial expense	(57)	(95)
Financial income	12	47
Cost of net financial debt	**(45)**	**(48)**
Foreign exchange gains (losses) and change in the fair value of currency derivatives	1	4
Net financial expense related to the discounting of pension provisions	(2)	(3)
Interest expense on lease liabilities	(35)	(40)
Change in fair value of financial assets	32	(4)
Other	(1)	(1)
Other financial income and expenses	**(5)**	**(44)**
Net financial income (expense) excluding revaluation of earn-out payments	**(50)**	**(92)**

/ Revaluation of earn-out payments

(in millions of euros)	June 30, 2021 (6 months)	June 30, 2020 (6 months)
Revaluation of earn-out payments	**(5)**	**2**

Note 8 Income taxes

Effective tax rate

Income tax expense for the first half of 2021 was calculated by applying the estimated effective tax rate for the full year to pre-tax income for the period.

(in millions of euros)		June 30, 2021 (6 months)	June 30, 2020 (6 months)
Pre-tax income of consolidated companies		**543**	**164**
Revaluation of earn-out payments		5	(2)
Main non-taxable/non-deductible disposals		-	(4)
Pre-tax income of consolidated companies	**A**	**548**	**158**
Effective tax rate	**B**	**24.7%**	**25.0%**
Income tax in the income statement	**A x B**	**(135)**	**(39)**

As a reminder, the effective tax rate for financial year 2020 (12 months) was 24.7%.

Note 9 Earnings per share

/ Earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2021	June 30, 2020
Net income used for the calculation of earnings per share			
Net income attributable to equity holders of the parent company	**A**	**414**	**136**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Group net income – diluted	**B**	**414**	**136**
Number of shares used to calculate earnings per share			
Number of shares at January 1st		247,769,038	240,437,061
Shares created over the period		205,975	46,238
Treasury shares to be deducted (average for the period)		(1,868,558)	(3,015,142)
Average number of shares used for the calculation	**C**	**246,106,455**	**237,468,157**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		2,201,787	714,961
• Equity warrants (BSA)		167,100	96,943
Number of diluted shares	**D**	**248,475,342**	**238,280,061**

(in euros)			
Earnings per share	**A/C**	**1.68**	**0.57**
Diluted earnings per share	**B/D**	**1.67**	**0.57**

/ Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		June 30, 2021	June 30, 2020
Net income used to calculate headline earnings per share[1]			
Group net income		**414**	**136**
Items excluded:			
• Amortization of intangibles from acquisitions, net of tax		94	107
• Impairment loss, net of tax		70	173
• Revaluation of earn-out payments		5	(2)
• Main capital gains (losses) on disposal of assets and fair value adjustment of financial assets, net of tax[2]		(28)	3
Headline Group net income	**E**	**555**	**417**
Impact of dilutive instruments:			
• Savings in financial expenses related to the conversion of debt instruments, net of tax		-	-
Headline Group net income, diluted	**F**	**555**	**417**
Number of shares used to calculate earnings per share			
Number of shares at January 1st		247,769,038	240,437,061
Shares created over the period		205,975	46,238
Treasury shares to be deducted (average for the period)		(1,868,558)	(3,015,142)
Average number of shares used for the calculation	**C**	**246,106,455**	**237,468,157**
Impact of dilutive instruments:			
• Free shares and dilutive stock options		2,201,787	714,961
• Equity warrants (BSA)		167,100	96,943
Number of diluted shares	**D**	**248,475,342**	**238,280,061**

(in euros)			
Headline earnings per share[1]	**E/C**	**2.26**	**1.76**
Headline earnings per share – diluted[1]	**F/D**	**2.23**	**1.75**

(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, 2021, the main capital gains and losses on disposal amount to euro 1 million and the fair value adjustement of financial assets amounts to euro 27 million. As of June 30, 2020, the fair value adjustment of financial assets amounted to euro (3) million.

Note 10 Goodwill

Changes in goodwill

(in millions of euros)	Gross value	Impairment loss	Net amount
January 1, 2021	**12,213**	**(1,355)**	**10,858**
Acquisitions	32	-	32
Disposals	-	-	-
Translation adjustments and other	325	(40)	285
June 30, 2021	**12,570**	**(1,395)**	**11,175**

Note 11 Investments in associates

Investments accounted for using the equity method amounted to euro 23 million at June 30, 2021 (*versus* euro 24 million at December 31, 2020).

(in millions of euros)	Investments in associates
Amount at January 1, 2021	**24**
Share of profit of associates	0
Disposals	0
Dividends paid	(2)
Effect of translation and other	1
Amount at June 30, 2021	**23**

At June 30, 2021, the value of equity investments included mainly One Point (euro 7 million), Burrell Communications (euro 6 million), Somupi (euro 4 million) AG Partners Mauritus (euro 2 million).

Note 12 Other financial assets

(in millions of euros)	June 30, 2021	December 31, 2020
Other financial assets at fair value through profit and loss:		
• Venture Capital Funds[(1)]	140	110
• Other	20	18
Security deposits	32	33
Loans to associates and non-consolidated companies	31	34
Sub-lease receivables	21	21
Other	32	31
Gross value	**276**	**247**
Impairment	(16)	(15)
Net amount	**260**	**232**

(1) These Venture Capital Funds are dedicated to investments in companies that belong to the digital economy.

Note 13 Shareholders' equity

Share capital of the parent company

(in shares)	June 30, 2021	December 31, 2020
Share capital at January 1st	247,769,038	240,437,061
Capital increase	5,555,883	7,331,977
Shares comprising the share capital at the end of the period	**253,324,921**	**247,769,038**
Treasury stock at the end of the period	(1,493,100)	(2,191,259)
Shares outstanding at the end of the period	**251,831,821**	**245,577,779**

Publicis Groupe SA's share capital increased by euro 2,222,353 in the first half of 2021, corresponding to 5,555,883 shares with a par value of euro 0.40:

- 241,301 shares issued following the exercise of equity warrants by certain holders;
- 296,350 shares issued as part of free share plans;
- 5,018,232 shares issued following the exercise of options for dividend payment in shares by certain shareholders.

At June 30, 2021, the share capital of Publicis Groupe SA totaled euro 101,329,968, divided into 253,324,921 shares, each with a par value of euro 0.40.

Neutralization of the treasury shares existing on June 30, 2021

Treasury shares held at the end of the year, 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 2021:

	Number of shares
Treasury shares held on December 31, 2020[1]	**2,191,259**
Disposals (exercise of stock options) and deliveries of free shares	(690,701)
Movements as part of the liquidity contract	(7,458)
Treasury shares held on June 30, 2021[1]	**1,493,100**

(1) Including 61,000 shares held as part of the liquidity contract on June 30, 2021, and 68,458 on December 31, 2020.

Dividends

Following the approval of the Ordinary General Shareholders' Meeting of May 26, 2021, Publicis Groupe SA paid on July 6, 2021 a dividend of euro 2.00 per share.

The amount was to be paid in cash or shares, depending on the shareholder option, exercised no later than June 30, 2021.

An amount of euro 227 million was recognized as a liability at June 30, 2021 corresponding to the dividends paid in cash.

Dividends to be paid in shares amount to euro 266 million leading to the creation of 5,018,232 shares provided an issue price set at euro 53.05 per share.

Note 14 Provisions for liabilities and charges

(in millions of euros)	Restructuring provision	Vacant property provisions[1]	Pensions and other long-term benefits	Provisions for risks and litigations	Others provisions	Total
December 31, 2020	**78**	**95**	**318**	**115**	**96**	**702**
Increases	3	18	23	66	8	118
Releases with usage	(46)	(26)	(9)	(2)	(8)	(91)
Other releases	(1)	-	-	-	-	(1)
Actuarial losses (gains)	-	-	(24)	-	-	(24)
Translation adjustments and other	1	14	4	4	0	23
June 30, 2021	**35**	**101**	**312**	**183**	**96**	**727**
Of which short-term	30	47	27	98	32	234
Of which long-term	5	54	285	85	64	493

(1) See Note 5.

Actuarial assumptions (weighted average rates)

The provision for pensions was discounted at June 30, 2021. Discount rates are calculated using rates of long-term investment grade corporate bonds (minimum AA rating) with maturities equivalent to the length of the plans assessed. They were determined on the basis of external indices commonly used as a reference.

	Pension plans				Post-employment medical cover	
June 30, 2021	**United States**	**United Kingdom**	**Euro zone**	**Other Countries**	**United States**	**United Kingdom**
Discount rate	2.47%	1.95% - 2.00%	0.85%	0.30% - 5.70%	2.47%	1.95% - 2.00%

	Pension plans				Post-employment medical cover	
December 31, 2020	**United States**	**United Kingdom**	**Euro zone**	**Other Countries**	**United States**	**United Kingdom**
Discount rate	2.11%	1.60% - 1.65%	0.60%	0% - 5.20%	2.11%	1.60% - 1.65%

Note 15 Borrowings and other financial liabilities

(in millions of euros)	June 30, 2021	December 31, 2020
Bonds (excl. accrued interest)	4,033	4,031
Other debt	262	478
Total borrowings and other financial liabilities	**4,295**	**4,509**
Of which short-term	**834**	**856**
Of which long-term	**3,461**	**3,653**

/ Change in borrowings and other financial liabilities

			Changes excl. cash and cash equivalents			
(in millions of euros)	December 31, 2020	Cash flow	Acquisitions	Exchange rate fluctuations	Changes in fair value	June 30, 2021
Eurobond 1.125% – December 2021 (EIR 1.261%)(1)	699	-	-	-	-	699
Eurobond 0.5% – November 2023 (EIR 0.741%)(1)	497	-	-	-	-	497
Eurobond 1.625% – December 2024 (EIR 1.732%)(1)	602	-	-	-	-	602
Eurobond 0.625% – June 2025 (EIR 0.781%)(1)	745	-	-	-	1	746
Eurobond 1.25% – June 2028 (EIR 1.329%)(1)	746	-	-	-	-	746
Eurobond 1.75% – June 2031 (EIR 1.855%)(1)	742	-	-	-	1	743
Bonds (excl. accrued interest)	**4,031**	**-**	**-**	**-**	**2**	**4,033**
Medium-term loan (financing of Epsilon acquisition)	**150**	**(150)**	**-**	**-**	**-**	**0**
Medium-term syndicated loan	**0**	**-**	**-**	**-**	**-**	**0**
Revolving credit facility	**0**	**-**	**-**	**-**	**-**	**0**
Debt related to earn-out payments	**241**	**(64)**	**18**	**6**	**7**	**208**
Debt related to commitments to purchase non-controlling interests	**24**	**(1)**	**-**	**-**	**-**	**23**
Accrued interest	43	(76)	-	-	48	15
Other borrowings and credit lines(3)	17	(5)	-	-	-	12
Bank overdrafts	3	1	-	-	-	4
Other financial liabilities	**63**	**(80)**	**-**	**-**	**48**	**31**
Total borrowings and other financial liabilities	**4,509**	**(295)**	**18**	**6**	**57**	**4,295**
Fair value of derivative hedging on the 2025, 2028 and 2031 Eurobonds(2)	(65)	-	-	-	52	(13)
Fair value of derivative hedging on intragroup loans and borrowings(2)	89	(45)	-	-	(5)	39
Total liabilities related to financing activities	**4,533**	**(340)**	**18**	**6**	**104**	**4,321**

(1) Net of issuance costs. The number of securities at June 30, 2021 was 7,000 for the Eurobond maturing in 2021, 5,000 for the Eurobond maturing in 2023, 6,000 for the Eurobond maturing in 2024, 7,500 for the Eurobond maturing in 2025, 7,500 for the Eurobond maturing in 2028 and 7,500 for the Eurobond maturing in 2031. 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 are qualified as cash flow hedges. 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 interest on debt is booked and the asset value changed in US dollars. At June 30, 2021, the fair value of these derivative instruments was recorded in the assets of the consolidated balance sheet at euro 13 million (euro 65 million at December 31, 2020).

A medium-term loan had also been signed on July 1, 2019, in three tranches (a USD 900 million tranche with a three-year maturity, a euro 150 million tranche with a four-year maturity; and a euro 150 million tranche with a five-year maturity). The tranches of USD 900 million and euro 150 million maturing in five years were repaid early in December 2020. The second tranche of euro 150 million maturing in four years was repaid in March 2021.

Other bonds

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

/ Analysis by date of maturity

	June 30, 2021						
		Maturities					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	4-5 years	+5 years
Bonds (excl. accrued interest)	4,033	699	-	497	1,348	-	1,489
Medium-term loan (financing of Epsilon acquisition)	-	-	-	-	-	-	-
Revolving credit facility	-	-	-	-	-	-	-
Debt related to commitments to purchase non-controlling interests acquisitions of shareholdings	23	16	4	1	2	-	-
Liabilities related to earn-out payments	208	98	66	38	3	3	-
Other financial liabilities	31	21	10	-	-	-	-
Total borrowings and other financial liabilities	**4,295**	**834**	**80**	**536**	**1,353**	**3**	**1,489**

/ Analysis by currency

(in millions of euros)	June 30, 2021	December 31, 2020
Euros(1)	4,042	4,216
US dollars	150	195
Other currencies	103	98
Total	**4,295**	**4,509**

(1) Including euro 2,250 million in Eurobonds swapped to US dollars at June 30, 2021 (euro 2,250 million at December 31, 2020).

Analysis by interest rate type

Borrowings are comprised of fixed-rate loans that make up 98% of gross borrowings (excluding borrowings for acquisitions of equity investment securities and commitments to buy-out non-controlling interests) at June 30, 2021 and variable rate loans for the remaining 2%.

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 2,959 million as of June 30, 2021 and undrawn confirmed credit lines representing a total of euro 2,487 million as of June 30, 2021. The main component of these credit facilities is a multi-currency syndicated loan of euro 2,000 million, maturing in 2024. This credit facility has been renewed until 2026 up to euro 1,579 million. These immediately or almost immediately available sums allow the 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	Concession agreements	Other assets	Total
Gross value at January 1, 2021	**2,329**	**60**	**52**	**2,441**
Addition of assets	20	10	3	33
Terminations or end of contracts	(55)	-	(5)	(60)
Changes to consolidation scope	-	-	-	-
Translation adjustments and other	74	-	4	78
Gross value at June 30, 2021	**2,368**	**70**	**54**	**2,492**
Accumulated amortization at January 1, 2021	**(728)**	**(45)**	**(23)**	**(796)**
Amortization	(112)	(5)	(11)	(128)
Impairment losses	(67)	-	-	(67)
Terminations or end of contracts	55	-	5	60
Changes to consolidation scope	-	-	-	-
Translation adjustments and other	(23)	-	6	(17)
Accumulated amortization at June 30, 2021	**(875)**	**(50)**	**(23)**	**(948)**
Net value at June 30, 2021	**1,493**	**20**	**31**	**1,544**

Analysis of maturities of lease liabilities

Lease liabilities amounted to euro 2,114 million at June 30, 2021, of which euro 295 million short-term and euro 1,819 million long-term. Future lease payments excluding the effects of discounting are as follows:

	At June 30, 2021					
(in millions of euros)	Total	-1 year	1-2 years	2-3 years	3-4 years	+4 years
Lease payments	**2,511**	**356**	**284**	**254**	**233**	**1,384**

In the area of outdoor advertising, contracts of less than 12 months have been signed as of December 31, 2020. The fees relating to the guaranteed minimums under these agreements were recognized in expenses for an amount of euro (48) million over the period.

For the first half of 2021, the interest expense on lease liabilities was euro (35) million (*versus* euro (40) million at June 30, 2020).

Note 17 Commitments

	June 30, 2021			
		Maturity		
(in millions of euros)	Total	-1 year	1-5 years	+5 years
Commitments given				
Guarantees[1]	274	126	57	91
Total	**274**	**126**	**57**	**91**
Commitments received				
Undrawn confirmed credit lines	2,487	45	2,442	-
Undrawn unconfirmed credit lines	233	233	-	-
Other commitments	16	10	4	2
Total	**2,736**	**288**	**2,446**	**2**

(1) At June 30, 2021, guarantees included commitments to pay euro 20 million into innovation mutual funds by 2027. They also included guarantees of approximately euro 11 million relating to media-buying operations.

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 1,1116 share per warrant to reflect the distributions drawn from the Company's reserves and premiums. Following the cancellation of the warrants acquired in previous years or exercised since September 24, 2013, Publicis Groupe was, at June 30, 2021, committed to issuing (in the event that the 653,092 outstanding warrants are exercised) 728,851 shares with a euro 0.40 par value and a euro 30.10 premium.

Other commitments

As at June 30, 2021, 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, 2020, other creditors and current liabilities included a debt of euro 132 million (USD 150 million) to meet this obligation. A receivable of the same amount corresponding to the compensation to be received from ADS is presented in other current receivables and current assets. During the first half of 2021, Publicis received compensation from ADS in the amount of USD 75 million. Publicis paid this same amount to the United States Department of Justice. The balance of USD 75 million is due in January 2022.

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.

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 10 key markets (country or region) which has led to operating segments being redefined. These 10 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 10 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 and 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 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	0	0	(92)
Non-current income and expenses	1	0	0	0	0	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.

/ 2020 Financial Year

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue(1)	**2,278**	**5,997**	**932**	**230**	**275**	**9,712**
Revenue(1)	2,663	6,471	1,089	239	326	10,788
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(269)	(231)	(74)	(14)	(12)	(600)
Operating margin	**232**	**1,116**	**170**	**24**	**16**	**1,558**
Amortization of intangibles from acquisitions	(33)	(286)	(13)	(3)	(4)	(339)
Impairment loss	(11)	(224)	(2)	(4)	-	(241)
Non-current income and expenses	2	3	-	-	-	5
Operating income after impairment	**190**	**609**	**155**	**17**	**12**	**983**
Balance sheet items						
Intangible assets, net	1,417	9,294	1,120	206	330	12,367
Property, plant and equipment, net (including right-of-use assets on leases)	797	1,209	198	30	37	2,271
Other financial assets	150	48	27	5	2	232
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(31)	(107)	(26)	(2)	(1)	(167)
Purchases of investments and other financial assets, net	(14)	3	2	(1)	1	(9)
Acquisitions of subsidiaries	(28)	(99)	(16)	(1)	(2)	(146)

(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 2020

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Income statement items						
Net revenue(1)	**1,088**	**3,013**	**434**	**104**	**135**	**4,774**
Revenue(1)	1,276	3,227	501	109	165	5,278
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	(121)	(128)	(38)	(7)	(7)	(301)
Operating margin	**20**	**495**	**97**	**6**	**4**	**622**
Amortization of intangibles from acquisitions	(72)	(69)	-	(1)	-	(142)
Impairment loss	(2)	(229)	-	-	-	(231)
Non-current income and expenses	1	4	-	-	-	5
Operating income after impairment	**(53)**	**201**	**97**	**5**	**4**	**254**
Balance sheet items						
Intangible assets, net	1,887	9,809	1,105	247	330	13,378
Property, plant and equipment, net (including right-of-use assets on leases)	872	1,330	207	33	46	2,488
Other financial assets	125	55	31	6	3	220
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(19)	(56)	(6)	(1)	(1)	(83)
Purchases of investments and other financial assets, net	(7)	2	(2)	(1)	1	(7)
Acquisitions of subsidiaries	(3)	(24)	(9)	-	(1)	(37)

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

Note 20 Publicis Groupe SA stock option and free share plans

Four free share plans were created in the first half of 2021, with the following features:

Long-Term Incentive Plan known as the "LTIP 2021" (March 2021)

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

- the shares are subject to a continued presence condition during the three-year vesting period;
- the free shares are subject to performance criteria and the total number of shares delivered will depend on the level of achievement of the Group's revenue growth and profitability targets for the year 2021;
- lastly, the shares are subject to conditions based on CSR (Corporate Social Responsibility) criteria, with indicative interim points relating to the percentage of women holding key management positions in the Group, as well as climate change with the integration of renewable energies.

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 2024.

For the beneficiaries of the 2019 Special Retention Plan, this new plan replaces the second tranche whose shares were subject to performance conditions to be measured during the 2021 financial year. For the beneficiaries concerned, the LTIP 2021 plan was treated as a replacement plan with regard to IFRS 2. The expense of the initial 2019 Special Retention plan has been retained for tranche 3 of said plan.

Long-Term Incentive Plan known as the "LTIP 2021 *Directoire*" (March 2021)

As part of this plan, the 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 for the entire period from 2021 to 2023;
- conditions based on CSR (Corporate Social Responsibility) criteria, with indicative interim points relating to the percentage of women holding key management positions in the Group, as well as climate change with the integration of renewable energies.

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 2024.

Long-Term Incentive Plan known as the "LTI Epsilon 2021 Plan" (March 2021)

The plan, set up for the exclusive benefit of Publicis Epsilon executives and employees, includes three tranches subject to a continued presence condition for 20% and performance conditions for 80%, based on financial targets set for the year 2021, and is deliverable in March 2022 (30% of shares), March 2023 (30% of shares) and March 2024 (40% of shares).

Long-Term Incentive Plan known as the "Sapient 2021 Plan" (April 2021)

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 conditional only upon continued employment and gives rise to the delivery of one-fourth of the shares awarded on the dates of the first four anniversaries of the plan (*i.e.* in April 2022, 2023, 2024 and 2025);
- in addition to the condition of continued employment, the second tranche is conditional upon performance criteria, and the total number of shares delivered shall depend on the level of financial targets achieved for 2021. Delivery will take place at the end of a three-year period, in April 2024.

In addition, the performance of the following plans was assessed in March 2021:

- Sapient 2018, 2019 and 2020 Plans: the performance targets set for 2020 were 100% achieved;
- Epsilon 2019-2021 replacement plan: the performance targets set for 2020 were achieved at an average of 64%. However, the Management Board decided on an exceptional basis that the performance taken into account would be 100%.
- Epsilon 2020 Plan: the performance targets set for 2020 were achieved at an average of 61%.

Publicis Groupe share subscription or purchase option plans

/ Characteristics of Publicis Groupe stock option plans outstanding as of June 30, 2021

Plans	Type[1]	Date of grant	Option exercise price (in euros)	Options outstanding at January 1, 2021	Options cancelled, lapsed or transferred in first-half 2021[2]	Options exercised in first-half 2021	Options outstanding at June 30, 2021	Of which exercisable at June 30, 2021	Exercise deadline	Remaining contract life (in years)
Lionlead 2 Stock options	A	04/30/2013	52.76	1,078,211	40,629	(24,925)	1,093,915	1,093,915	04/30/2023	1.83

(1) A = stock options; S = share subscription options.
(2) Adjustment of the number of options in June 2021, following the reinstatement of exemptions for certain participants that had not been taken into account previously.

/ Movements in Publicis Groupe stock option plans in first-half 2021

	First-half 2021	
	Number of options	Average exercise price (in euros)
Options at January 1, 2021	1,078,211	52.76
Options exercised in first half[1]	(24,925)	52.76
Options cancelled, lapsed or transferred in the first half-year	40,629	52.76
Options outstanding at June 30, 2021	**1,093,915**	**52.76**
Of which exercisable	*1,093,915*	*52.76*

(1) Average share price on exercise (in euros)

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.

Publicis Groupe free share plans

/ Characteristics of Publicis Groupe free share plans outstanding at June 30, 2021

Plans	Date of grant	Shares yet to vest as of January 1, 2021 or shares granted in 2021	Shares canceled, lapsed or transferred[(1)] in first-half 2021	Shares vested in first-half 2021[(2)]	Shares yet to vest at June 30, 2021	Vesting date of shares	Remaining contract life (in years)
Sapient 2017 Plan (4 years)	06/15/2017	36,120	(1,765)	(34.067)	288	07/19/2021	-
LTIP 2018 Plan	04/17/2018	306,650	(10,300)	(296,350)	-	04/17/2021	-
Sapient 2018 Plan (4 years)	04/17/2018	78,741	(2,770)	(38,190)	37,781	04/17/2022	0.80
Sapient 2018 Plan (3 years)	04/17/2018	148,612	(4,127)	(144,485)	-	04/17/2021	-
Sprint to the Future 2018-2021 – Excluding Directoire	05/18/2018	48,340	-	-	48,340	12/31/2021	0.50
LTIP 2019 Plan	05/28/2019	149,225	(6,500)	-	142,725	05/28/2022	0.91
Sapient 2019 Plan (4 years)	05/28/2019	153,899	(7,826)	(48,801)	97,272	05/28/2023	1.91
Sapient 2019 Plan (3 years)	05/28/2019	227,737	(11,857)	-	215,880	05/28/2022	0.91
LTIP 2019-2021 Directoire Plan	06/14/2019	170,000	-	-	170,000	06/14/2022	0.96
Star Growth Performers Plan/2019 Special Plan	05/28/2019	228,400	(5,817)	-	222,583	05/28/2022	0.91
2019-2021 Epsilon Replacement Plan	07/15/2019	336,971	(13,460)	(162,666)	160,845	03/31/2022	0.75
2019 Special Retention Plan[(3)]	11/15/2019	510,070	(18,145)	-	491,925	03/16/2024	2.71
Sapient 2020 Plan (4 years)	05/19/2020	224,117	(12,755)	(53,156)	158,206	05/19/2024	2.89
Sapient 2020 Plan (3 years)	05/19/2020	321,160	(19,844)	-	301,316	05/19/2023	1.88
LTI Epsilon 2020 Plan	07/20/2020	1,231,720	(632,257)	(184,123)	415,340	03/31/2023	1.75
LTIP 2021 Plan[(4)]	03/16/2021	572,610	(2,601)	-	570,009	03/16/2024	2.71
LTIP 2021 Directoire Plan	03/16/2021	151,577	-	-	151,577	03/16/2024	2.71
LTI Epsilon 2021 Plan	03/16/2021	632,348	(6,663)	-	625,685	03/31/2024	2.75
Sapient 2021 Plan (4 years)	04/13/2021	241,787	(6,125)	-	235,662	04/13/2025	3.79
Sapient 2021 Plan (3 years)	04/13/2021	362,687	(9,188)	-	353,499	04/13/2024	2.79
Total free share plans		**6,132,771**	**(772,000)**	**(961,838)**	**4,398,933**		

(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 in the second tranche correspond to those allocated under the new LTIP 2021 plan. The shares of the third tranche were kept at the same level as the initial plan. The delivery date of this last plan (March 31, 2023) was extended and aligned with that of the LTIP 2021 plan.
(4) Excluding beneficiaries of the Special Retention Plan for whom their shares are presented on the line corresponding to the initial plan, the second tranche of which was replaced by the LTIP 2021 plan.

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

Vesting also remains subject to non-market performance conditions for the LTIP 2019 and 2021 plans, the LTIP 2019-2021 *Directoire* and LTIP 2021 *Directoire* plans, the Sapient 2018 to 2021 Plans with a three-year vesting period, the 2019-2021 Epsilon replacement plan, the 2019 Special Retention Plan and the LTI Epsilon 2020 and 2021 Plans.

/ Movements in Publicis Groupe free share plans in first-half 2021

	First-half 2021
Shares yet to vest as of January 1, 2021	4,171,762
New grants made during first half of the year	1,961,009
Grants vesting (deliveries)	(961,838)
Grants lapsed	(772,000)
Shares yet to vest as of June 30, 2021	**4,398,933**

/ Fair value of free Publicis Groupe shares granted in first-half 2021

Free shares	LTIP 2021[1]	LTIP 2021 Directoire[2]	LTI Epsilon 2021[1]	Sapient 2021 (4 years)	Sapient 2021 (3 years)[1]
Date of Management Board meeting	03/16/2021	03/16/2021	03/16/2021	04/13/2021	04/13/2021
Number of shares originally granted	572,610	151,577	632,348	241,787	362,687
Initial valuation of shares granted (weighted average, in euros)	44.17	44.17	46.35	45.40	44.27
Share price on the grant date (in euros)	50.92	50.92	50.92	51.02	51.02
Vesting period (in years)	3	3	1 to 3	1 to 4	3

(1) Conditional shares subject to the achievement of targets set for 2021.
(2)Conditional shares for which vesting is subject to the achievement of targets set for the years 2021 to 2023.

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

The total impact of these plans on the 2021 interim income statement was euro 25 million (excluding taxes and social security charges) compared to euro 28 million for first-half 2020.

With regard to the free share plans granted subject to performance conditions, and for which performances have not yet been definitively measured as of June 30, 2021, the probability of meeting the targets set in respect of the financial statements for the first half of 2021 has been estimated as follows:

- for performance plans measured over a one-year period, in respect of 2021 performance,
  - Sapient 2019, 2020 and 2021 Performance Plans: 100%,
  - Epsilon Replacement 2019-2021 Plan: 100%,
  - LTI Epsilon 2021 Plan: 100%,
  - 2019 Special Retention Plan (replaced by LTIP 2021 for the second tranche): 100%,
  - LTIP 2021 Plan: 100%;
- for performance plans measured over a three-year period, in respect of the three-year period performance:
  - LTIP 2019-2021 *Directoire* Plan: 100%,
  - LTIP 2021 *Directoire* Plan: 100%.

Note 21 Related-party disclosures

During the first half of 2021, transactions with related parties as described in the annual financial statements continued.

Note 22 Subsequent events

On July 15, 2021, Publicis announced the acquisition of CitrusAd, a software as a service (SaaS) platform optimizing brands marketing performances directly within retailer websites. CitrusAd's onsite expertise complemented with Epsilon's solutions, uniquely positions Publicis Groupe in the fast-growing market of retail media. The price to be paid at the date of transfer of control amounts roughly to euro 100 million.

CHAPTER

3

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

Period from January 1 to June 30, 2021

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

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying consolidated condensed interim financial statements of Publicis Groupe S.A., for the period from January 1 to June 30, 2021,
- the verification of the information presented in the half-yearly management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed half-yearly consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed half-yearly consolidated financial have been prepared under the responsibilty 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 established on July 19, 2021 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 22, 2021

The statutory auditors
French original signed by

MAZARS		ERNST & YOUNG et Autres	
Olivier Lenel	Ariane Mignon	Nicolas Pfeuty	Valérie Desclève

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 6 months ended on June 30, 2021 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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PUBLICIS GROUPE

2021

Publicis Groupe SA

French limited liability company (société anonyme) with a Management Board
and a Supervisory Board, with a share capital of euro 101,329,968

Registered office: 133, avenue des Champs-Élysées, 75008 Paris – Paris Trade and Companies Registry no. 542 080 601