KERING

2023

First-Half Report

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This document is a free translation into English of the 2023 First-Half Report issued in French.

CHAPTER 1
Kering in the first half of 2023 - Key figures

Group consolidated key figures

(in € millions)	First half 2023	First half 2022	Reported change
Revenue	**10,135**	**9,930**	**+2%**
EBITDA	**3,617**	**3,617**	**-**
EBITDA margin (% of revenue)	*35.7%*	*36.4%*	*-0.7 pts*
Recurring operating income	**2,739**	**2,820**	**-3%**
Recurring operating margin (% of revenue)	*27.0%*	*28.4%*	*-1.4 pts*
Net income attributable to the Group	**1,785**	**1,988**	**-10%**
Net income attributable to the Group excluding non-recurring items	**1,789**	**1,977**	**-10%**
Gross operating investments(1)	**1,891**	**361**	**N/A**
Free cash flow from operations(2)	**823**	**2,049**	**-60%**
Net debt(3)	**3,854**	**942**	**N/A**

(1) Acquisitions of property, plant and equipment and intangible assets
(2) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets (including the acquisition of strategic real-estate properties for €1,314 million).
(3) Net debt is defined on page 31.

Per share data

(in €)	First half 2023	First half 2022	Reported change
Earnings per share attributable to the Group	**14.60**	**16.09**	**-9%**
o/w continuing operations excluding non-recurring items	**14.63**	**15.99**	**-9%**

Revenue

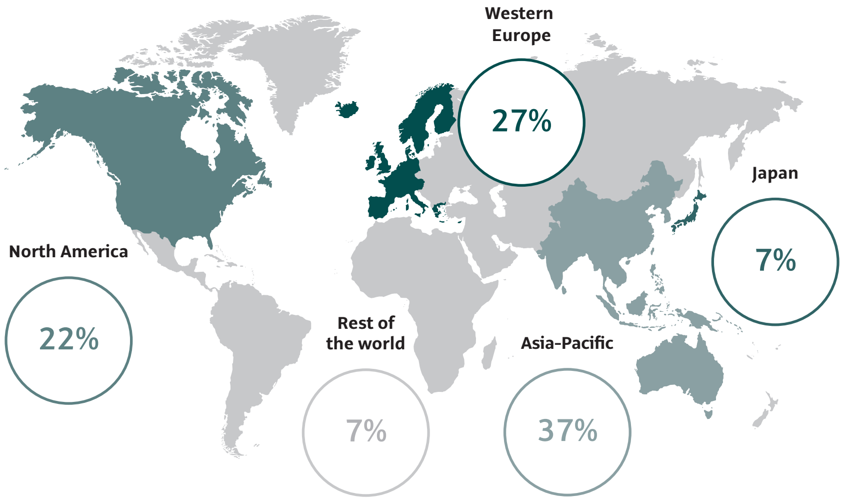
Breakdown of revenue by segment

(in € millions)	First half 2023	First half 2022	Reported change	Comparable change[1]
Gucci	5,128	5,173	-1%	+1%
Yves Saint Laurent	1,576	1,481	+6%	+7%
Bottega Veneta	833	834	-	+2%
Other Houses	1,856	1,955	-5%	-5%
Kering Eyewear and Corporate	869	591	+47%	+16%
Eliminations	(127)	(104)	N/A	N/A
GROUP	10,135	9,930	+2%	+2%

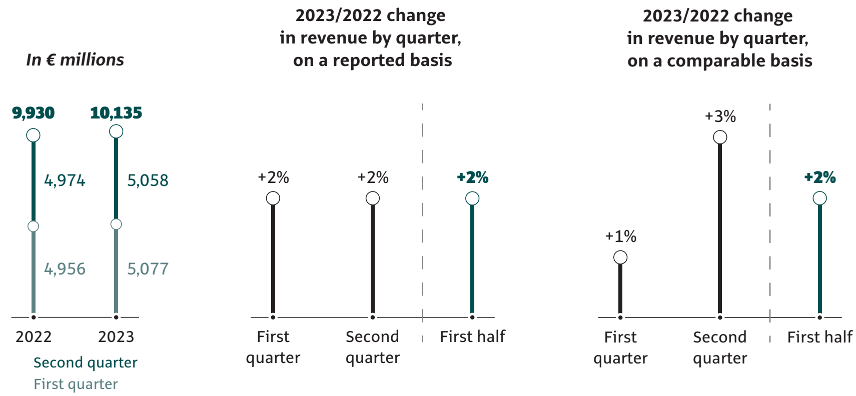
(1) On a comparable scope and exchange rate basis. Comparable growth is defined on page 31.

Breakdown of revenue by region

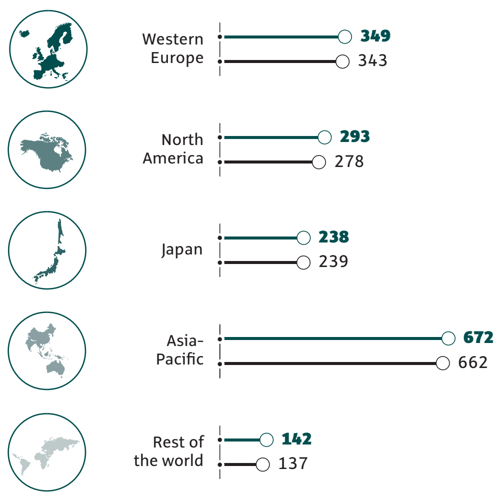
(as a % of consolidated revenue)



Revenue by quarter



Number of directly operated stores by region



1,694
Total June 30, 2023

1,659
Total December 31, 2022

Recurring operating income

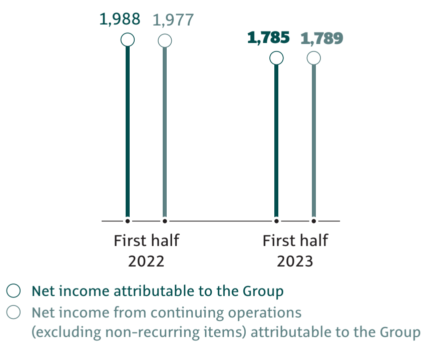
Breakdown of recurring operating income by segment

(in € millions)	First half 2023	First half 2022	Change
Gucci	1,810	1,886	-4%
Yves Saint Laurent	481	438	+10%
Bottega Veneta	169	168	+1%
Other Houses	224	337	-34%
Kering Eyewear and Corporate	63	(7)	N/A
Eliminations	*(8)*	*(2)*	N/A
GROUP	2,739	2,820	-3%
Recurring operating margin (% of revenue)	*27.0%*	*28.4%*	*-1.4 pts*

Other financial indicators

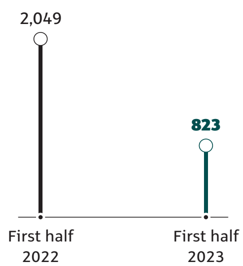
Net income attributable to the Group

(in € millions)



Free cash flow from operations[1]

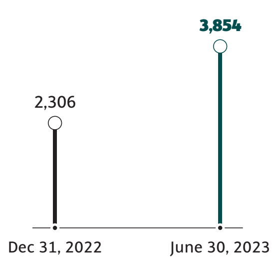
(in € millions)



(1) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets (including the acquisition of strategic real-estate properties for €1,314 million).

Net debt[2]

(in € millions)



(2) Net debt is defined on page 31.

CHAPTER 2
Activity report

1 – INTRODUCTION – THE GLOBAL LUXURY MARKET IN THE FIRST HALF OF 2023

Following on from 2022, when sales in the Luxury sector showed good momentum[1], the sector continued to post strong growth in the first half of 2023. Estimated sales growth was around 16% in the first quarter (based on average published figures) and expectations regarding growth in the second quarter are similar (based on average projections in financial analyst reports published in late June and early July 2023).

The Luxury market's evolution relative to 2022 is closely related to the geopolitical, public health and macroeconomic context, the main developments in which can be summarized as follows:

- In May 2023, the World Health Organization (WHO) declared the end of the international public health emergency related to COVID-19 which, having become endemic, had no impact on the Luxury market in the first half of 2023. However, since China continued its extremely strict "zero-COVID" policy throughout 2022 – particularly in the second and fourth quarters – the base for comparison regarding the performance of Luxury houses in Mainland China was low overall, although it varied from one quarter to another and between provinces.
- The armed conflict between Russia and Ukraine that began in February 2022 continued to have a very limited direct impact on the business activities of major Luxury houses. However, it contributed to inflationary pressure and the deterioration in the global economic outlook. Depending on its duration and extent, the conflict could affect global economic growth and therefore the Luxury market over a longer period, although the impact cannot be precisely quantified at this stage.
- Judging by the projections of Oxford Economics[2], expectations regarding global economic growth have recently been upgraded. The world economy could grow by an estimated 2.2% in 2023, whereas the previous growth forecast in January 2023 was 1.6%. However, this remains lower than the average growth rate seen between 2010 and 2019 (3.1%) and weaker than the 2022 figure (3.1%). The vast majority of OECD members should see growth within a range of around 0.5% to 1.3%. Growth in gross world product (GWP) should be driven by the rebound in the Chinese economy – which is expected to grow by 5.5%, although this is well below the 7.7% average rate seen between 2010 and 2019 – and strong performance in Southeast Asian economies (3.8%).
- Inflation, after reaching very high levels in 2022 (8.4% in the eurozone and 8.0% in the United States) seems to be fading gradually, due in particular to lower energy prices. However, inflation has not yet fallen enough to meet central-bank targets. It continues to have a material impact on the amount households are spending on basic necessities, and therefore weighs their real incomes.
- The rate hikes carried out by central banks in the main OECD economies should come to an end in 2023, by fears that high-interest rates will remain could adversely affect the real estate market, as well as dragging down households' confidence levels and propensity to consume. However, financial markets have rallied since the start of the year – with the Nasdaq up 32% and the S&P 500 up 16% – and cryptocurrencies have also risen, although their value remains around 60% below their peaks. These positive factors could support demand for Luxury goods at a time when excess savings put aside during the COVID-19 pandemic in 2020 have to a large extent been spent.
- Whereas 2022 saw very large movements in exchange rates between the world's main currencies, driven by central-bank monetary policies, the euro rose against other major currencies in the first half of 2023. Overall, price differences between regions have narrowed, although in many cases they are large enough to encourage tourists to buy Luxury goods when they travel.
- The post-pandemic phase has also brought renewed spending on experiences, and services are now seeing faster growth than products.

(1) In 2022, growth was around 15% at constant exchange rates according to Bain & Company-Altagamma, Euromonitor and based on average published figures.
(2) Oxford Economics is the source of all macroeconomic data in this document unless otherwise mentioned.

The aforementioned trends are affecting the main markets to different extents. In addition, tourist numbers and bases for comparison may cause the performances of Luxury houses to differ materially from one region to another.

- The rebound in tourism is accelerating in Europe, Asia and the Middle East, and travel bookings by Chinese people are rising rapidly, primarily to Asian destinations but with a gradual upturn in travel to Europe. This trend is boosting the sales of stores in the main tourist destinations.
- Business levels in Western Europe were very solid in the first quarter of 2023 and should show continued growth in the second quarter. Sales to tourists underpinned the positive trends, although their growth is likely to return to more normal levels in the second quarter because of the gradually rising base for comparison. Tourist destinations could see rising numbers of Chinese travelers starting this summer. However, domestic demand appears to be under pressure due to the wait-and-see attitude of European consumers, despite the economic outlook being better than initially expected.
- After several quarters of strong growth until mid-2022, North America is the region where business levels are suffering most from weaker demand among the most aspirational customers and from American tourists shifting their purchases to other geographies, where they can buy at lower prices.
- Japan is likely to generate very firm revenue in the first half of 2023, driven by sales to Asian tourists attracted by price differentials arising from movements in the exchange rate between the Japanese yen and other currencies. Chinese tourist numbers are also rising in Japan, although they were still almost two-thirds below their 2019 level.
- Growth in China rebounded strongly, particularly in the second quarter because of the low base for comparison and especially in April and May. Business levels were also extremely strong in Hong Kong and Macau, which saw large amounts of buying by consumers from Mainland China. However, indicators show that the recovery in the Chinese economy, although solid overall, remains exposed to risk factors – including population aging, youth employment and the decline in the real-estate market – that are also weighing on consumer confidence.
- In the rest of the Asia-Pacific region, sales were supported in particular by Southeast Asia, as a result of both good economic performance in those countries themselves and purchases by tourists from elsewhere in the region, including chinese tourists. The South Korean market was affected by weaker local demand caused by slower growth in the country's economy, tighter credit conditions and certain South Korean consumers buying products in other regional markets because of price differentials.
- Finally, in the world's other regions, sales growth returned to more normal levels after several quarters of very strong growth.

Another effect arising from economic developments is that the impact of structural changes in the Luxury industry in recent years, amplified by the COVID-19 crisis, seems to have continued to fade in 2023.

- Online sales growth is converging with that seen in physical retail networks, which has, since 2022, benefited from a rebound in tourism and lower bases for comparison. In some regions, online sales may even have started to fall because of the online channel's exposure to more aspirational customers. As a result, online sales as a proportion of total sector sales are stabilizing or falling slightly depending on the region and brand.
- In the short and medium term, demand from Generations Y and Z remains one of the principal growth drivers for the global Luxury market. This proportion of sales coming from this customer segment is growing, but at a slower rate, because penetration was already high at the end of 2022 (an estimated 65% of revenue according to Bain & Company-Altagamma).
- The Luxury market is seeing a premiumization trend in terms of both supply and demand and this was confirmed in the first half of 2023. This trend seems to be temporary, largely related to the economic situation, with high inflation and falling real incomes affecting the most aspirational customer segments but leaving customers with the highest income or wealth levels relatively unaffected. In addition, the most timeless and upscale products are regarded as safe-haven assets at a time of uncertainty about other asset classes. As a result, the market has recently been more positive for Jewelry, Watches and certain Leather goods. Ready-to-Wear clothing is also benefiting from this trend, supported by the renewed popularity of more formal clothing among consumers, the upturn in Chinese demand and the resilience of the wealthiest customers. Distribution channels are also being affected, with online sales and US department-store sales suffering from their greater exposure to more aspirational customers, whose demand is more volatile.

Although trends in the first half appear to be fairly firmly established, it remains difficult to predict how the Luxury market will develop in the second half of 2023. The ongoing recovery in Chinese demand – particularly among Chinese tourists – and the lower base for comparison in North America should have a positive impact on growth in the coming months. However, demand from domestic and particularly aspirational customers could remain under pressure due to economic uncertainties, since 2024 growth forecasts for the global economy have been downgraded. As an illustration of ongoing uncertainty regarding the macroeconomic and geopolitical context, there is a very wide range of forecasts regarding the Luxury sector's growth in full-year 2023: Bain & Company-Altagamma forecasts range between 5% and 12%, although forecasts in financial analysts' recent reports have been more optimistic, predicting growth of at least 12%.

2 - SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023

Kering Beauté acquires Creed, the high-end luxury heritage fragrance house

On June 26, 2023, Kering Beauté announced that it has signed an agreement to acquire 100% of Creed from funds controlled by BlackRock Long Term Private Capital Europe and Creed's current Chairman Javier Ferrán.

Established in 1760 by James Henry Creed, the House of Creed is the largest global independent player in the high-end fragrance market. Over the past years, Creed has delivered fast-paced, double-digit growth and remarkable profitability with very high EBITDA margins, while never compromising on either product quality or brand equity. For the full year ended March 31, 2023, Creed generated revenue of more than €250 million. Creed offers a tailored, elevated in-store experience through a network of 36 branded stores, and quality distribution through a total of circa 1,400 doors globally.

The acquisition of Creed is a major step for Kering Beauté. A perfect fit with its portfolio of renowned Luxury brands, it immediately provides Kering Beauté with the required scale, an outstanding financial profile, as well as a platform, supporting the future development of other Kering Beauté fragrance franchises, by leveraging in particular Creed's global distribution network.

While preserving Creed's rich heritage and high-end brand image, Kering Beauté will further unlock Creed's potential across geographies, channels, and categories, notably through the acceleration of its development in China and in Travel Retail, and further expansion of the feminine fragrance portfolio, body and home categories.

Kering Eyewear acquires UNT, one of its key suppliers in the production of high-precision components

On June 30, 2023, Kering Eyewear acquired 100% of the share capital of the French company UNT, Usinage & Nouvelles Technologies, to strengthen its position in the Luxury eyewear industry. UNT is a key player in the manufacturing of high-precision metal and mechanical components for the entire Luxury eyewear sector.

Following on from the acquisition of Manufacture Kering Eyewear – previously Manufacture Cartier Lunettes – in France in 2017 and the purchase of a stake in Trenti Industria Occhiali in Italy in 2019, this transaction represents another important step in the industrial development strategy of Kering Eyewear, which controls its supply chain through strategic partnerships with industry-leading manufacturers, ensuring an unparalleled level of quality and technical expertise.

Kering Eyewear and UNT share the same vision and values of excellence, craftsmanship, innovation and sustainability.

Kering publishes its new report on progress toward its sustainability targets.

On March 22, 2023, six years after launching its "Crafting Tomorrow's Luxury" strategy, Kering published a new report showing its progress toward sustainability targets between 2020 and 2023. In the three years following the publication of its first progress report in 2020, the Group made significant strides towards attaining its initial 2025 social and environmental targets. Since then, Kering has added to those initial targets, with a series of ambitious new targets in line with the Group's strategies regarding the climate, biodiversity and the circular economy. Accordingly, Kering has committed to reducing its absolute greenhouse gas emissions across its supply chain by 40% by 2035 compared with 2021.

Raffaella Cornaggia appointed Chief Executive Officer of Kering Beauté

On February 3, 2023, Kering announced the appointment of Raffaella Cornaggia as CEO of Kering Beauté. She is a member of the Group's Executive Committee.

Raffaella Cornaggia is an Italian national with more than 25 years' experience in beauty, during which time she has held various key roles across three continents. After starting her career at L'Oréal and Chanel Parfums Beauté, she forged an outstanding career at the Estée Lauder Companies group in Paris, Asia and New York, and in 2020 was appointed International Senior Vice President and General Manager of the Estée Lauder and Aerin brands, responsible for the worldwide business outside of the United States and Canada.

Supported by a team of seasoned professionals, she is developing expertise in the Beauty category for Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin. The creation of Kering Beauté constitutes a natural extension of these brands' universe and will enable the Group to support their development.

Sabato de Sarno appointed as Gucci's Creative Director

On January 28, 2023, Kering and Gucci announced the arrival of Sabato De Sarno as Creative Director of Gucci. Sabato De Sarno will present his first collection during Milan Women's Fashion Week in September 2023.

Sabato De Sarno grew up in Naples, Italy. He started his career at Prada in 2005, before moving to Dolce & Gabbana and then Valentino in 2009, taking on roles with increasing amounts of responsibility. Most recently, he was appointed Fashion Director, overseeing menswear and womenswear collections.

As part of his new role, he leads the House's creative studio and reports to the President and Chief Executive Officer of Gucci. He is responsible for defining and expressing the House's creative vision through womenswear, menswear, leather goods, accessories and lifestyle collections.

Departure of Daniela Riccardi from Kering's Board of Directors

In its meeting on April 27, 2023, Kering's Board of Directors accepted Daniela Riccardi's resignation from her position as independent Director.

Dual-tranche bond issue for a total amount of €1.5 billion

On February 20, 2023, Kering carried out a €1.5 billion dual-tranche bond issue, consisting of:

- a €750 million tranche with a 6-year maturity and a 3.25% coupon,
- and a €750 million tranche with a 10-year maturity and a 3.375% coupon.

The issue forms part of the Group's active liquidity management program. It helps to enhance the Group's funding flexibility by enabling it to refinance existing debt.

The great success of this issue with investors underscored the market's confidence in the credit quality of the Group. Kering's long-term debt is rated "A" with a stable outlook by Standard & Poor's.

Preliminary investigation by the European Commission

On April 18, 2023, as part of a preliminary investigation into the fashion sector in several countries under EU antitrust rules, the European Commission started an inspection at the Italian premises of Gucci, a subsidiary of Kering. The Group is fully cooperating with the Commission as regards this investigation.

3 - GROUP PERFORMANCE IN THE FIRST HALF OF 2023

3.1 Revenue and income statement

Condensed consolidated income statement

(in € millions)	First half 2023	First half 2022	Change
Revenue	10,135	9,930	+2%
Recurring operating income	2,739	2,820	-3%
as a % of revenue	*27.0%*	*28.4%*	*-1.4 pts*
EBITDA	3,617	3,617	-
as a % of revenue	*35.7%*	*36.4%*	*-0.7 pts*
Other non-recurring operating income and expenses	-	(13)	N/A
Financial result	(204)	(19)	N/A
Income tax expense	(692)	(747)	+7%
Share in earnings (losses) of equity-accounted companies	3	2	+59%
Net income from continuing operations	1,846	2,043	-10%
o/w attributable to the Group	*1,785*	*1,987*	*-10%*
o/w attributable to minority interests	*61*	*56*	*+8%*
Net income (loss) from discontinued operations	-	1	N/A
Net income attributable to the Group	1,785	1,988	-10%
Net income from continuing operations (excluding non-recurring items) attributable to the Group	1,789	1,977	-10%

Earnings per share

(in €)	First half 2023	First half 2022	Change
Basic earnings per share	14.60	16.09	-9%
Basic earnings per share from continuing operations excluding non-recurring items	14.63	15.99	-9%

Revenue

The Group's revenue amounted to €10,135 million in the first six months of 2023. Compared to the same period of 2022, revenue rose 2% as reported and 2% on a comparable scope and exchange rate basis.

Currency movements had a negative impact on first-half performance, dragging down reported sales growth by just under 2 points or by €152 million in absolute terms. The euro rose against other currencies to varying extents, and the negative exchange rate effect arose mainly from sales denominated in Chinese yuan (-€86 million) and the Japanese yen (-€46 million), while the effect of currency translation from US dollars into euros continued to have a slightly positive effect (+€31 million).

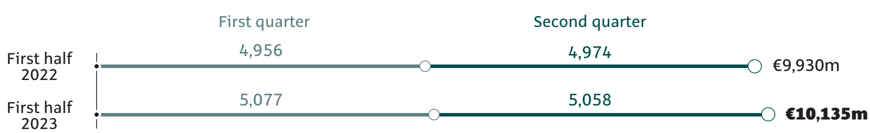
Scope effects boosted revenue by around €210 million, mainly due to the contribution of Maui Jim, which has been consolidated since October 1, 2022.

Group revenue by segment

(in € millions)	**First half 2023**	**% of total revenue**	**First half 2022**	**% of total revenue**	**Change**	**Comparable change[1]**
Gucci	5,128	52%	5,173	52%	-1%	+1%
Yves Saint Laurent	1,576	16%	1,481	15%	+6%	+7%
Bottega Veneta	833	8%	834	8%	-	+2%
Other Houses	1,856	19%	1,955	20%	-5%	-5%
Kering Eyewear and Corporate	869	7%	591	6%	+47%	+16%
Eliminations	*(127)*	*-2%*	*(104)*	*-1%*	*N/A*	*N/A*
Revenue	**10,135**	**100%**	**9,930**	**100%**	**+2%**	**+2%**

(1) On a comparable scope and exchange rate basis.Comparable growth is defined on page 31.

Group revenue by quarter



After rising 1% on a comparable basis in the first quarter of 2023, Group revenue grew 3% on a comparable basis in the second quarter, due to a lower base for comparison in China but also because of growth in Western Europe returning to more normal levels while North America saw lower demand, as in the first quarter.

Quarterly revenue by segment

(in € millions)	First quarter 2023	Second quarter 2023	First half 2023
Gucci	2,616	2,512	5,128
Yves Saint Laurent	806	770	1,576
Bottega Veneta	395	438	833
Other Houses	890	966	1,856
Kering Eyewear and Corporate	433	436	869
Eliminations	*(63)*	*(64)*	*(127)*
Revenue	**5,077**	**5,058**	**10,135**

(in € millions)	First quarter 2022	Second quarter 2022	First half 2022
Gucci	2,591	2,582	5,173
Yves Saint Laurent	739	742	1,481
Bottega Veneta	396	438	834
Other Houses	973	982	1,955
Kering Eyewear and Corporate	308	283	591
Eliminations	*(51)*	*(53)*	*(104)*
Revenue	**4,956**	**4,974**	**9,930**

(comparable change [1])	Q1 2023/2022 change	Q2 2023/2022 change	H1 2023/2022 change
Gucci	+1%	+1%	+1%
Yves Saint Laurent	+8%	+7%	+7%
Bottega Veneta	-	+3%	+2%
Other Houses	-9%	-1%	-5%
Kering Eyewear and Corporate	+11%	+21%	+16%
Eliminations	*N/A*	*N/A*	*N/A*
Revenue	**+1%**	**+3%**	**+2%**

(1) On a comparable scope and exchange rate basis. Comparable growth is defined on page 31.

Group revenue by region

(in € millions)	First half 2023	% of total revenue	First half 2022	% of total revenue	Change	Comparable change[1]
Asia-Pacific	3,710	37%	3,339	34%	+11%	+16%
Western Europe	2,739	27%	2,606	26%	+5%	+4%
North America	2,266	22%	2,705	27%	-16%	-23%
Japan	683	7%	577	6%	+18%	+28%
Rest of the world	737	7%	703	7%	+5%	+5%
Revenue	**10,135**	**100%**	**9,930**	**100%**	**+2%**	**+2%**

(1) On a comparable scope and exchange rate basis. Comparable growth is defined on page 31.
Revenue generated outside the eurozone represented 79% of the consolidated total in the first half of 2023.

In Western Europe, Group sales rose by 4% on a comparable basis, with a high base for comparison (growth of 51% in the first half of 2022 compared to 2021). First-half 2023 growth was also affected by weak wholesale revenue, which fell slightly during the period. Business levels in the physical store network rose by 18%, driven by the continuing increase in both American and Asian tourist numbers. As regards local customers, trends were less positive and affected online revenue, which declined significantly.

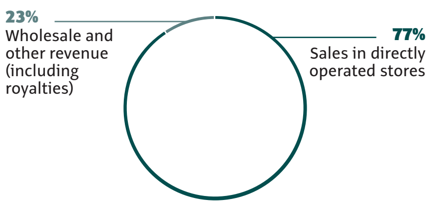
Following on from an excellent 2022, sales in Japan remained very strong, with growth of 28% fairly evenly distributed between the first and second quarters. After rebounding strongly in recent months, sales from local customers are returning to normal, but the Japanese market continued to benefit from its appeal to Asian tourists because of the relatively weak yen.

Revenue in North America fell 23% on a comparable basis as trends seen in the first quarter of the year continued into the second. The region's performance continued to be mainly affected by a clear decline in domestic demand and to a lesser extent by American customers shifting their purchases to Western Europe. At constant exchange rates, however, revenue was almost as high as in 2021 and much higher than in 2019.

In Asia-Pacific – the Group's largest region in terms of revenue, accounting for 37% of the total – revenue was up 16% on a comparable basis relative to the first half of 2022. Growth accelerated to 26% in the second quarter because of the lower base for comparison in China. The Group's sales rose in all of the region's main markets with the exception of Australia and South Korea. The South Korean market was adversely affected by weaker local demand and by customers buying products in the region's other countries instead of at home because of price differentials.

Growth in the Rest of the World returned to normal overall after several quarters of strong growth. Comparisons with 2022 remained partly affected by the shutdown of business activities in Russia and Ukraine in late-February 2022. However, the Group's direct exposure to the conflict between Russia and Ukraine is limited, since in 2021 Kering generated around 1% of its total revenue in Ukraine and Russia, and the net value of its assets in those countries was not material at the end of 2021 (around 0.1% of the Group total assets). The value of those assets was written down in full in 2022.

Group revenue by distribution channel



% weight based on Revenue before eliminations

Sales from directly operated stores and e-commerce sites came in at €7,868 million in the first half of 2023, up 4% on a comparable basis relative to the same period in 2022. The previous comments regarding performance by region also apply to a very large extent to the growth trajectory of retail sales.

Store footfall trends naturally vary very widely between regions and Houses. Overall, footfall rose during the period, leading to a slight decline in the conversion rate (i.e. the number of people buying products as a percentage of the total number of people visiting stores). As in 2022, store revenue growth was driven to a large extent by an increase in the average selling price, resulting from the elevation strategy on the product offering. Very solid sales growth from stores managed by the Houses (+9%) contrasts with the decline of e-commerce sales, where penetration fell to around 12% of the retail channel (as opposed to just under 16% in the first half of 2022). The decline in the e-commerce channel was due to its overexposure to certain product categories and customer segments in which inflation is having a greater impact. In addition, the base for comparison is high, since online revenue has almost tripled since 2019.

Revenue from stores and e-commerce sites directly operated by the Group accounted for around 77% of the Group's total sales (before Eliminations), similar to the figure for the first half of 2022. Excluding Kering Eyewear, however, the figure was 84% versus 82% in the first half of 2022. The increase in the proportion of revenue coming from the retail channel in recent years has resulted from the long-term strategy implemented by all Houses, which is aimed at controlling their distribution more effectively, including via e-commerce, and making them more exclusive.

Wholesale revenue fell 8% year-on-year in the first half of 2023 on a comparable basis (before Eliminations). For the Houses, wholesale revenue fell significantly by 16% on a comparable basis. This reflects a reduction in orders placed by US distributors and the reorganization of the wholesale distribution network that is currently underway. Although these streamlining efforts are almost complete at Gucci, they are continuing in the Group's other Couture and Leather Goods Houses. However, Kering Eyewear, which has a wholesale-only distribution model, posted sales growth of 16% on a comparable basis, driven both by the development of existing licenses and the successful integration of Lindberg. Including the scope effect arising from the contribution of Maui Jim, revenue was up 52% at constant exchange rates.

The Houses' royalty revenue from licenses and other revenue rose by 14% on a comparable basis in the first half of 2023, due to very robust growth in the Eyewear category and in the Fragrances and Cosmetics category.

Recurring operating income

(in € millions)	First half 2023	First half 2022	Change
Gucci	1,810	1,886	-4%
Yves Saint Laurent	481	438	+10%
Bottega Veneta	169	168	+1%
Other Houses	224	337	-34%
Kering Eyewear and Corporate	63	(7)	N/A
Eliminations	*(8)*	*(2)*	*N/A*
Recurring operating income[1]	**2,739**	**2,820**	**-3%**

(1) Recurring operating income is defined on page 31.

The Group's recurring operating income amounted to €2,739 million in the first half of 2023, €81 million or 3% lower than in the same period of 2022.

Recurring operating margin fell 1.4 points to 27.0% because of negative operational leverage and the relatively high level of income for some of the Group's brands in the first half of 2022.

Recurring operating margin for the first half of 2023 was nevertheless 0.4 points higher than in the second half of 2022.

Gross margin was €7,730 million, an increase of 5% on the first half of 2022. As a proportion of revenue, gross margin was 76.3%, up 2.0 points relative to 2022, under the combined effects of higher average selling prices, the weight of sales in directly operated stores, the country mix and the positive effect of foreign exchange rate hedges.

Operating expenses rose by 9%. This increase arose from investments made by the Group's brands and Kering Eyewear to support their development and expansion, notably by increasing budgets for store expenses, creation, the development and presentation of collections, communications and the digital transformation. These efforts, which were necessary in view of the competitive environment and the Group's long-term ambitions for its Houses, independent of short-term trends, affected the brands' profitability to varying extents. Thus Gucci, Balenciaga and Alexander McQueen were the Houses where income was affected most.

EBITDA

(in € millions)	First half 2023	First half 2022	Change
Recurring operating income	**2,739**	**2,820**	**-3%**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	878	797	+10%
o/w depreciation of lease right-of-use assets	468	451	+4%
EBITDA[1]	**3,617**	**3,617**	**-**

(1) EBITDA is defined on page 31.

(in € millions)	First half 2023	First half 2022	Change
Gucci	2,172	2,213	-2%
Yves Saint Laurent	600	545	+10%
Bottega Veneta	259	251	+3%
Other Houses	404	498	-19%
Kering Eyewear and Corporate	190	112	+67%
Eliminations	*(8)*	*(2)*	*N/A*
EBITDA	**3,617**	**3,617**	**-**

EBITDA was stable at €3,617 million in the first half of 2023 in comparison with the first half of 2022. EBITDA margin was high at 35.7%, although down 0.7 point compared with the first half of 2022.

Other non-recurring operating income and expenses

(in € millions)	First half 2023	First half 2022	Change
Impairment of goodwill, brands and other non-current assets	(54)	(14)	N/A
Other	54	1	N/A
Other non-recurring operating income and expenses	**-**	**(13)**	**N/A**

(See Note 5 "Other non-recurring operating income and expenses" to the condensed consolidated interim financial statements).

Financial result

(in € millions)	First half 2023	First half 2022	Change
Cost of net debt[1]	(40)	(18)	-111%
Other financial income and expenses	(94)	57	N/A
Total financial result (excluding leases)	**(134)**	**39**	**N/A**
Interest expense on lease liabilities	(70)	(58)	-21%
Financial result	**(204)**	**(19)**	**N/A**

(1) Net debt is defined on page 31.

The Group's cost of net debt was €40 million in the first half of 2023 (€18 million in the first half of 2022). The increase is mainly due to the rise in the average debt coupon rate in the context of interest rates, partly offset by the higher return on the Group's cash position.

Other financial income and expenses represented a net expense of €94 million in the first half of 2023, as opposed to income of €57 million in the first half of 2022.

This €151 million variation was mainly due to the non-recurrence in 2023 of the €106 million positive impact from revaluing the option component of the bonds exchangeable for PUMA shares (redeemed in September 2022) at fair value through the income statement. This effect was amplified by negative exchange-rate effects amounting to €48 million.

(See Note 6 "Financial result" to the condensed consolidated interim financial statements).

Income tax

As of June 30, 2023, the Group estimates that its full-year tax rate (in accordance with IAS 34) will be 27.3%.

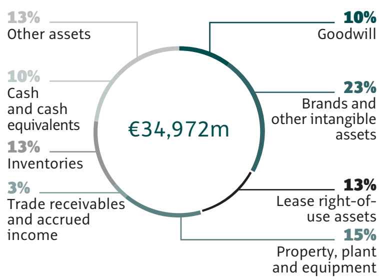
(in € millions)	First half 2023	First half 2022
Income before tax	2,535	2,788
Income tax expense	(692)	(747)
Effective tax rate	**27.3%**	**26.8%**
Other non-recurring operating income and expenses	-	(13)
Recurring income before tax	2,535	2,801
Income tax on other non-recurring operating income and expenses	(4)	23
Tax expense on recurring income	(688)	(770)
Effective tax rate on recurring income[1]	**27.1%**	**27.5%**

(1) The effective tax rate on recurring income is defined on page 31.

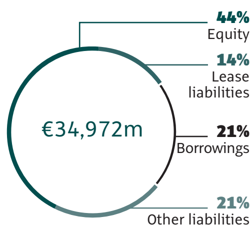
(See Note 7 "Income taxes" to the condensed consolidated interim financial statements).

3.2 Balance sheet as of June 30, 2023

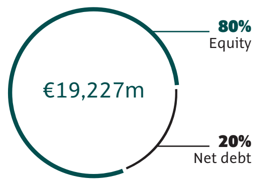
Assets



Equity and liabilities



Capital employed



Condensed balance sheet

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**	**Change**
Goodwill	3,574	4,053	-12%
Brands and other intangible assets	8,053	7,357	+9%
Lease right-of-use assets	4,672	4,929	-5%
Property, plant and equipment	5,125	3,388	+51%
Investments in equity-accounted companies	51	49	+3%
Other non-current assets	2,302	2,503	-8%
Non-current assets	**23,778**	**22,279**	**+7%**
Inventories	4,569	4,465	+2%
Trade receivables and accrued income	1,204	1,180	+2%
Cash and cash equivalents	3,328	4,336	-23%
Other current assets	2,093	1,681	+25%
Current assets	**11,194**	**11,662**	**-4%**
Assets held for sale	**-**	**-**	**-**
TOTAL ASSETS	34,972	33,941	+3%
Equity attributable to the Group	14,572	13,998	+4%
Equity attributable to minority interests	800	785	+2%
Equity	**15,372**	**14,783**	**+4%**
Non-current borrowings	5,441	4,347	+25%
Non-current lease liabilities	4,219	4,420	-5%
Other non-current liabilities	2,280	1,885	+21%
Non-current liabilities	**11,940**	**10,652**	**+12%**
Current borrowings	1,741	2,295	-24%
Current lease liabilities	832	812	+2%
Other current liabilities	5,087	5,399	-6%
Current liabilities	**7,660**	**8,506**	**-10%**
Liabilities associated with assets held for sale	**-**	**-**	**-**
TOTAL EQUITY AND LIABILITIES	34,972	33,941	+3%

Net debt

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**
Borrowings	7,182	6,642
Cash and cash equivalents	(3,328)	(4,336)
Net debt	**3,854**	**2,306**

Capital employed

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**
Equity	15,372	14,783
Net debt	3,854	2,306
Capital employed	**19,227**	**17,089**

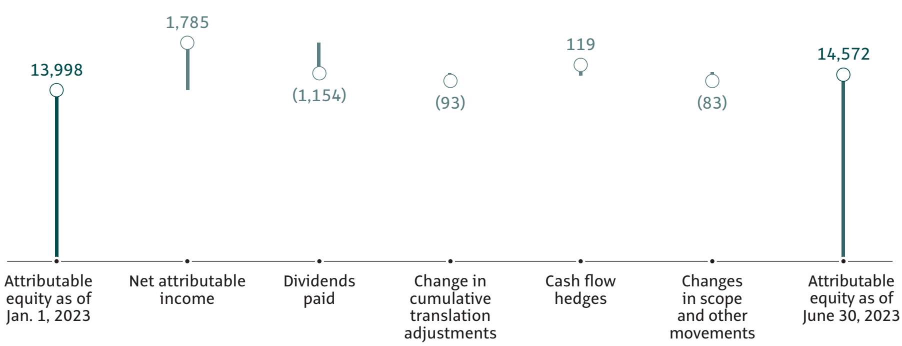
Goodwill and brands

As of June 30, 2023, brands net of deferred tax liabilities amounted to €5,577 million, compared to €5,111 million as of December 31, 2022.

Current operating assets and liabilities

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**	**Statement of cash flow**	**Foreign exchange differences**	**Other changes**
Inventories	4,569	4,465	168	(81)	16
Trade receivables and accrued income	1,204	1,180	53	(28)	(1)
Trade payables and accrued expenses	(2,327)	(2,263)	(38)	26	(52)
Other current assets (liabilities), net	(250)	(589)	171	119	49
Net current tax receivables (payables)	(449)	(190)	(264)	5	(1)
Current operating assets (liabilities), net	**2,747**	**2,603**	**90**	**42**	**12**

Change in equity attributable to the Group



As of June 30, 2023, Kering SA's share capital amounted to €496,283,112 comprising 124,070,778 fully paid-up shares with a par value of €4 each. As of June 30, 2023, there were 122,295,585 shares issued and outstanding, excluding the 1,775,193 Kering treasury shares.

(See Note 10 “Equity” to the condensed consolidated interim financial statements.)

3.3 Cash flow, investments and net debt

Free cash flow from operations

Cash flow received from operating activities

(in € millions)	First half 2023	First half 2022	Change
Cash flow received from operating activities before tax, dividends and interest	**3,435**	**3,503**	**-2%**
Change in working capital requirement	(419)	(476)	+12%
Income tax paid	(419)	(617)	+32%
Net cash received from operating activities	**2,597**	**2,410**	**+8%**

Operating investments

(in € millions)	First half 2023	First half 2022	Change
Net cash received from operating activities	**2,597**	**2,410**	**+8%**
Acquisitions of property, plant and equipment and intangible assets	(1,891)	(361)	N/A
Disposals of property, plant and equipment and intangible assets	117	-	N/A
Free cash flow from operations[1]	**823**	**2,049**	**-60%**

(1) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets (including the acquisition of strategic real-estate properties for €1,314 million).

Gross operating investments by segment

(in € millions)	First half 2023	First half 2022	Change
Gucci	232	154	+50%
Yves Saint Laurent	81	25	N/A
Bottega Veneta	44	35	+24%
Other Houses	82	63	+30%
Kering Eyewear and Corporate	1,452	84	N/A
Acquisitions of property, plant and equipment and intangible assets	**1,891**	**361**	**N/A**

Operational investments amounted to 1,891 million euros in the first half of 2023.

Excluding the acquisition of strategic real estate assets in Paris, they reached 532 million euros, representing 5.2% of the turnover.

This ratio is higher than the one recorded as of June 30, 2022 (3.6%), due to both a change in the seasonality of disbursements (better distributed between the first and second quarters) and a slight increase in the planned investment budget for the entire year 2023.

Available cash flow from operations and available cash flow

(in € millions)	First half 2023	First half 2022	Change
Free cash flow from operations[1]	**823**	**2,049**	**-60%**
Repayment of lease liabilities	(419)	(395)	-62%
Interest paid on leases	(70)	(58)	-21%
Available cash flow from operations	**335**	**1,596**	**-79%**
Interest and dividends received	14	6	+133%
Interest paid and equivalent (excluding leases)	(108)	(70)	+54%
Available cash flow	**240**	**1,532**	**-84%**

(1) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets (including the acquisition of strategic real-estate properties for €1,314 million).

Dividends paid

The cash dividend paid by Kering SA to its own shareholders in the first half of 2023 amounted to €1,712 million, including the €551 million interim dividend paid on January 18, 2023 (€1,483 million in the first half of 2022 including a €436 million interim dividend).

Dividends paid in the first half of 2023 also included €12 million paid to minority interests in consolidated subsidiaries (€22 million in the first half of 2022).

Change in net debt

(in € millions)	First half 2023	First half 2022	Change
Net debt as of January 1	**2,306**	**168**	**N/A**
Free cash flow from operations(1)	(823)	(2,049)	-60%
Dividends paid	1,724	1,505	+15%
Net interest paid and dividends received	94	65	+45%
Acquisitions of Kering shares	7	648	-99%
Repayment of lease liabilities(2)	489	453	+8%
Other acquisitions and disposals	(17)	127	-113%
Other movements	74	25	+195%
Net debt as of June 30	**3,854**	**942**	**N/A**

(1) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets (including acquisition and disposal of strategic real-estate properties for €1,314 million).
(2) Repayments of principal for €419 million in the first half of 2023 (€395 million in the first half of 2022) and interest payments of €70 million in the first half of 2023 (€58 million in the first half of 2022) relating to capitalized fixed lease payments.

(in € millions)	June 30, 2023	Dec. 31, 2022	Change
Bond debt	5,110	4,226	+21%
Other bank borrowings	168	201	-16%
Commercial paper	698	1,010	-31%
Other borrowings	1,206	1,205	N/A
o/w Put options granted to minority interests	*792*	*681*	*+16%*
Borrowings	**7,182**	**6,642**	**+8%**
Cash and cash equivalents	(3,328)	(4,336)	-23%
Net debt(2)	**3,854**	**2,306**	**+67%**

(1) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets (including acquisition and disposal of strategic real-estate properties for €1,314 million).
(2) Net debt is defined on page 31.

Lease liabilities totaled €5,051 million as of June 30, 2023 (€5,232 million as of December 31, 2022).

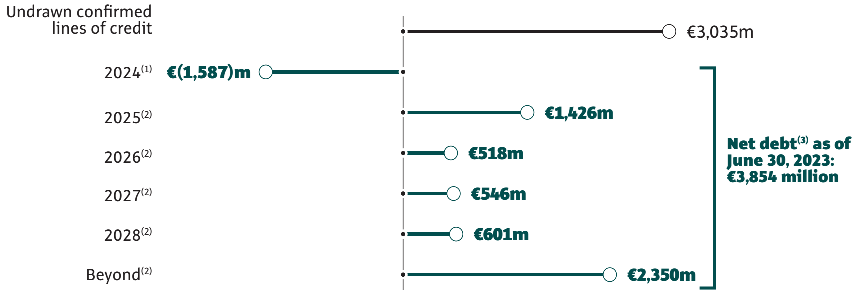
Solvency

The Group has a very sound financial position and on April 22, 2022 Standard & Poor's raised its long-term credit rating to A with stable outlook.

Liquidity

At June 30, 2023, the Group's cash and cash equivalents amounted to €3,328 million (€4,336 million at December 31, 2022). The Group has confirmed lines of credit totaling €3,035 million (December 31, 2022: €3,035 million).

Maturity schedule of net debt



(1) Borrowings less cash and cash equivalents
(2) Borrowings
(3) Net debt is defined on page 31.

The portion of the Group's borrowings maturing within one year (€1,741 million as of June 30, 2023) is significantly lower than the Group's cash and cash equivalents (€3,328 million as of June 30, 2023), plus confirmed lines of credit. Consequently, the Group is not exposed to any liquidity risk.

The Group's loan agreements feature standard pari passu, cross default and negative pledge clauses.

The Group's debt contracts do not include any rating trigger clauses.

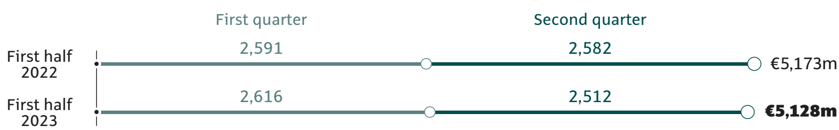
(See Note 11 "Net debt" to the condensed consolidated interim financial statements).

4 – OPERATING PERFORMANCE BY SEGMENT

4.1 Gucci

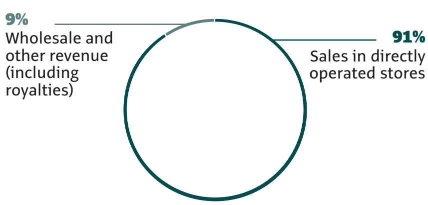
(in € millions)	First half 2023	First half 2022	Change
Revenue	**5,128**	**5,173**	**-1%**
Recurring operating income	**1,810**	**1,886**	**-4%**
as a % of revenue	***35.3%***	***36.5%***	***- 1.2 pts***
EBITDA	2,172	2,213	-2%
as a % of revenue	*42.4%*	*42.8%*	*-0.4 pts*
Acquisitions of property, plant and equipment and intangible assets	232	154	+50%
Average FTE headcount	21,127	20,272	+4%

Revenue



Gucci posted €5,128 million in revenue for the first half of 2023, down 1% year-on-year as reported or up 1% at comparable exchange rates.

Revenue by distribution channel



The reorganization of Gucci's distribution, which began in 2020 and was almost completed by the end of 2022, has led to a very substantial reduction in the proportion of revenue coming from the wholesale business. This meant that sales from directly operated stores made up 91% of Gucci's total sales in the first half of 2023. As a result, business levels in Gucci's exclusive distribution network are probably the best measure of the House's intrinsic performance.

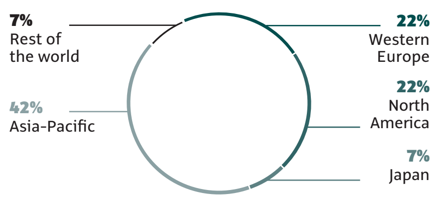
Sales from stores and e-commerce sites controlled by Gucci were up 1% on a comparable basis in the first half, with growth in the second quarter being on a par with that achieved in the first.

In the physical store network, where footfall continued to rise at a very good pace, sales were up around 7%. However, as in 2022, this increase was mainly driven by an increase in average selling prices, resulting both from changes in the product mix and price increases.

After several years of very strong growth, e-commerce revenue fell significantly in the first half, due in particular to this distribution channel's exposure to the American market, where it accounted for almost half of sales in 2022. E-commerce sales therefore accounted for approximately 12% of total retail revenue in the first half, down from around 17% in the first half of 2022.

In the first half of 2023, wholesale revenue fell 3%, mainly due to lower sales to US distributors.

Revenue by region



In view of the proportion of Gucci's sales generated by directly operated stores, the following revenue analysis by region only concerns retail and online sales.

In Western Europe, after rebounding by 79% in the first half of 2022, revenue increased by 7% in the first six months of 2023. Growth in the first half of 2023 was mainly driven by tourists, both American and Asian.

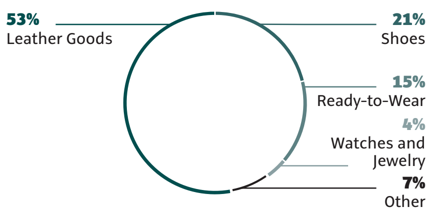
In North America, Gucci's revenue was down 22%, with trends in the second quarter being very similar to those seen in the first. Sales to North American customers in all markets fell year-on-year, despite ongoing excellent momentum in Western Europe. However, they remained around 60% higher on a comparable basis than in the first half of 2019.

In Japan, the rebound in tourist numbers since late 2022 helped to boost sales, which rose by 32% during the period.

Sales were up 10% on a comparable basis in Asia-Pacific in the first half of 2023, and growth accelerated to 16% in the second quarter due to a lower base for comparison in China. Since the end of the first quarter, sales in Mainland China, Hong Kong and Macau have rebounded very strongly. When considering performance outside of China, the very strong growth achieved in 2021 and 2022 must be taken into account. Southeast Asian markets saw the gradual return of Chinese tourists in the first half of 2023. In South Korea, revenue fell as the recovery in Travel Retail failed to offset a decline in local demand, caused in particular by certain South Korean consumers buying products in other regional markets instead of locally.

In the world's other regions, revenue growth was strongest in the Middle East, while performance in Eastern Europe was affected by the non-recurrence of revenue generated in Russia in early 2022.

Revenue by product category



In the first half of 2023, sales of all Gucci's main product categories in directly operated stores were very slightly higher compared to the first half of 2022. The increase in average selling prices, resulting both from changes in the product mix and price increases, offset lower volumes.

Leather Goods sales saw the fastest growth, buoyed by well-received new products, particularly in the handbag segment, and by investments made since 2022 to improve the range of luggage and travel bags.

The brand's other product categories saw fairly similar growth rates, although Ready-to-Wear clothing and Shoes for women outperformed products for men.

Royalty revenue rose sharply, driven by the Eyewear category managed by Kering Eyewear and by the Fragrances and Cosmetics category as a result of the license granted to Coty.

Recurring operating income

Gucci's recurring operating income amounted to €1,810 million in the first half of 2023, down 4% on the same period of 2022.

Recurring operating margin was 35.3%, down 1.2 point.

The combination of currency effects and the impact of currency hedging had a positive impact on margins. However, in the first half of 2023, the House continued to invest in initiatives to boost its long-term growth, following on from efforts made in recent years and increasing its cost base. Given the slight decline in sales as reported, operational leverage was negative (i.e. expenses rose more quickly than revenue), and this adversely affected margins.

In the first half of 2023, Gucci's EBITDA fell by 2% to €2,172 million, while EBITDA margin was down 0.4 points at 42.4%.

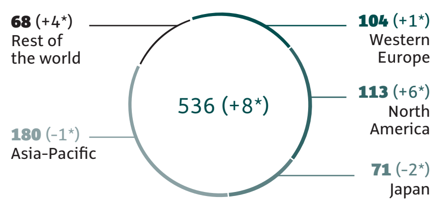
Store network and operating investments

As of June 30, 2023, Gucci operated 536 stores directly. During the first-half period, it opened 8 stores (net of closures).

Gucci continued to prioritize organic growth by maximizing the productivity of the existing store network, while maintaining efforts to identify opportunities that will enable it to enhance its distribution in certain regions or sales channels.

The House's operating investments totaled €232 million in the first half of 2023, up €78 million compared to the first six months of 2022. As a proportion of revenue, operating investments increased to 4.5% as opposed to 3.0% in the first half of 2022 and 3.9% in full-year 2022. This increase arose from a reversal of Gucci's usual seasonal pattern of investment, with more than half of the year's expenditure being concentrated in the first half of 2023.

Breakdown of directly operated stores by region

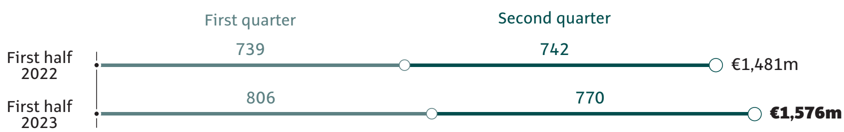


** Net store openings/closures between December 31, 2022 and June 30, 2023.*

4.2 Yves Saint Laurent

(in € millions)	First half 2023	First half 2022	Change
Revenue	**1,576**	**1,481**	**+6%**
Recurring operating income	**481**	**438**	**+10%**
as a % of revenue	***30.5%***	***29.6%***	***+0.9 pts***
EBITDA	600	545	+10%
as a % of revenue	*38.0%*	*36.8%*	*+1.3 pts*
Acquisitions of property, plant and equipment and intangible assets	81	25	N/A
Average FTE headcount	4,200	4,401	-5%

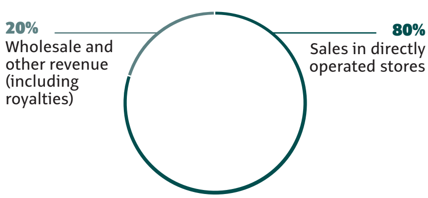
Revenue



Yves Saint Laurent's sales amounted to €1,576 million in the first half of 2023, up 6% as reported and 7% on a comparable basis relative to the first half of 2022. Growth at constant exchange rates was virtually identical in the first and second quarters.

It was another six-month period of rapid growth for the House, where sales have increased sixfold over the past ten years, supporting its short-and medium-term revenue targets.

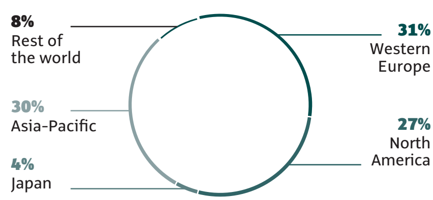
Revenue by distribution channel



Revenue from stores and e-commerce sites directly operated by the House accounted for 80% of the total and rose 11% year-on-year on a comparable basis. Same-store growth accounted for most of this figure, with the vast majority of retail performance indicators showing an improvement in the network of physical stores. E-commerce sales rose very slightly, with marked differences in performance across the regions.

Wholesale revenue was down 10% at constant exchange rates relative to the first half of 2022. This distribution channel remains strategically important for Yves Saint Laurent, as it perfectly complements its retail business. However, the House is continuing to pay particular attention to the quality and exclusivity of its distribution and is being careful to focus its wholesale business on a limited number of distributors. This rationalization will continue throughout the year.

Revenue by region



In view of the proportion of Yves Saint Laurent's sales generated by directly operated stores, the following revenue analysis by region only concerns retail and e-commerce sales.

In the first half of 2023, Yves Saint Laurent achieved growth relative to the first half of 2022 across all major regions with the exception of North America.

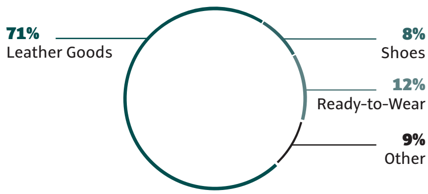
In that region revenue was 17% lower due to the very high base for comparison (revenue remains more than 20% higher than in the first half of 2021) and the changing pattern of demand in the United States, primarily amongst more aspirational customers.

Year-on-year revenue growth was 24% in Western Europe and 21% in Japan on a comparable basis; the brand is popular with local customers, and sales were also driven by rising tourist flows, particularly in Europe.

In Asia-Pacific, revenue was up 29% on a comparable basis thanks to a rebound in Greater China. Trends in Korea and Southeast Asia were less dynamic, after several quarters of very strong growth since 2020 and given the transfer in purchasing to Japan.

Yves Saint Laurent's performance in the Rest of the World was very solid, with growth of 17%, and particularly so in the Middle East, which has historically been an important market for the brand.

Revenue by product category



Leather Goods remained the top category, with sales growth compared to the first half of 2022 closely aligned with the House's overall performance. This reflects the initiatives taken by Yves Saint Laurent over the last few years to constantly renew and refresh its Leather Goods offering, which has helped it to both attract new customers and retain existing ones in all its markets.

Sales of Ready-to-Wear collections for both women and men rose very sharply, continuing trends seen since 2021.

By contrast, sales in the Shoes category were affected to a greater extent by slower demand growth in certain markets.

Royalty revenue generated by Kering Eyewear surged, again showing the success of this licensing agreement. Royalties paid by L'Oréal in the Fragrances and Cosmetics category continued their rebound.

Recurring operating income

In the first half of 2023, Yves Saint Laurent's recurring operating income totaled €481 million, an increase of 10%. Recurring operating margin was therefore 30.5%, up 0.9 points year-on-year.

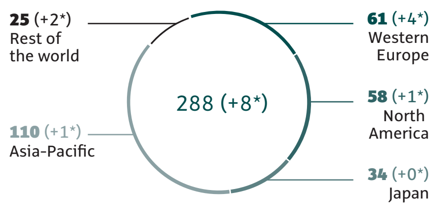
This further improvement is in line with the House's ambitions and growth trajectory. It also demonstrates that Yves Saint Laurent has achieved a critical size enabling it to capitalize on its operating leverage while also allocating all the resources necessary for its short-and medium-term development, ranging from creating, expanding and running its store network to leading communication campaigns around the brand. In addition, with this level of revenue and operating income, seasonal variations in profitability are now less pronounced between the two halves of the year.

EBITDA rose by €55 million year-on-year to €600 million. As a result, EBITDA margin was 38.0% as opposed to 36.8% in the first half of 2022.

Store network and operating investments

As of June 30, 2023, the House had 288 directly operated stores. A net 8 new stores were added during the period, in line with the target of a network of 300 to 350 directly operated stores in the medium term. Planned openings of new stores, including some flagship stores, in the second half of the year or in 2024, reflect the same ambition. This has resulted in a high level of investment, at €81 million, or 5.1% of revenue for the period. This compares with the historically low level in the first half of 2022: €25 million or 1.7% of revenue.

Breakdown of directly operated stores by region

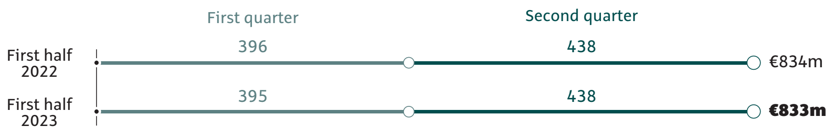


** Net store openings/closures between December 31, 2022 and June 30, 2023.*

4.3 Bottega Veneta

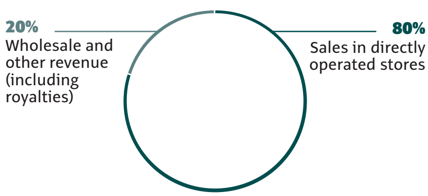
(in € millions)	**First half 2023**	**First half 2022**	**Change**
Revenue	**833**	**834**	**-**
Recurring operating income	**169**	**168**	**+1%**
as a % of revenue	***20.3%***	***20.1%***	***+0.2 pts***
EBITDA	259	251	+3%
as a % of revenue	*31.2%*	*30.0%*	*+1.2 pts*
Acquisitions of property, plant and equipment and intangible assets	44	35	+24%
Average FTE headcount	3,866	3,705	+4%

Revenue



Bottega Veneta generated revenue of €833 million in the first half of 2023, stable as reported and up 2% on a comparable basis.

Revenue by distribution channel



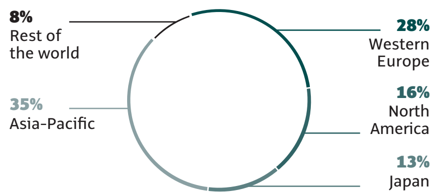
In keeping with the brand's exclusive, high-end positioning, the House is focusing on selling its products through directly operated stores and e-commerce sites. These accounted for 80% of its revenue, from 78% in the first half of 2022.

This growth was driven both by a healthy and controlled development of same-store sales and by good momentum in e-commerce.

Growth was relatively consistent between the first and second quarters, with a slight acceleration in the second.

Wholesale revenue was down 13%. Having regained market share with its wholesalers in recent years, Bottega Veneta has started to reorganize this distribution channel – a process that will continue throughout 2023 – with the aim of working only with a limited number of very high-quality partners.

Revenue by region



Given the proportion of Bottega Veneta's sales that are generated in directly operated stores, the following revenue analysis by region only concerns retail and e-commerce sales.

In Western Europe, revenue rose by 16% on a comparable basis, driven by the upturn in the number of tourists visiting the region.

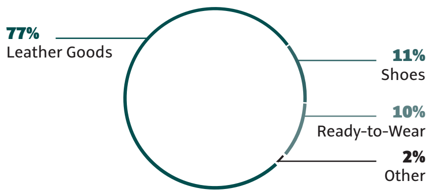
In Japan, revenue rose by 19% at constant exchange rates. This reflected the brand's success with local customers and growth in sales to tourists, mainly those from Asia.

In North America, Bottega Veneta saw a limited fall in sales of 8% on a comparable basis relative to a high base for comparison, given that the House has doubled in scale in the United States since 2019.

In Asia-Pacific, sales rose by 2%. The increase in revenue in China was particularly solid. This said, although the appreciation of the House's new aesthetic and offering is gradually improving, the brand's current level of penetration of the Chinese market means that it has not been in a position to take full advantage of the recovery in demand. Revenue growth was much more modest in other markets that had seen strong growth since 2020, most notably South Korea.

Trends in the Rest of the World remained very good overall.

Revenue by product category



Leather Goods once again constituted the brand's core business, making up 77% of total sales, including wholesale. Both new and iconic lines, along with their seasonal variations, met with great success among the House's customer base. The House's strategy is still to maintain the exclusivity associated with this key category of leather goods, particularly by focusing on sales growth through higher prices and an improved product mix rather than volume growth alone.

Ready-to-Wear revenue posted remarkable growth as new collections, both womenswear but also increasingly menswear, were very well received.

The sales trend in the Shoes category, meanwhile, should be assessed in view of the very high base for comparison.

Recurring operating income

Bottega Veneta's recurring operating income amounted to €169 million in the first half of 2023, more or less stable on the figure reported for the year-earlier period.

Recurring operating margin was 20.3%, 0.2 points higher than in the year-earlier period. This slight increase, despite the stability of reported revenue, demonstrates the financial discipline at Bottega Veneta, allowing it to invest in the long-term success of the brand's renewal but also to make choices in resource allocation to focus on the most-needed areas of expenditure.

EBITDA amounted to €259 million during the period, an increase of 3%. This gave an EBITDA margin of 31.2%.

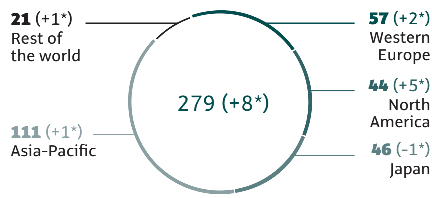
Store network and operating investments

As of June 30, 2023, Bottega Veneta had 279 directly operated stores, a net increase of 8 stores on December 31, 2022.

The brand continues to focus its investment efforts on relocating and refurbishing its existing stores, while pursuing its strategy of gradual and targeted openings as opportunities arise, notably with the establishment of new flagships.

Operating investments totaled €44 million, an increase of €9 million compared with the first half of 2022 with, as at other brands, a smaller seasonal effect than in 2022.

Breakdown of directly operated stores by region

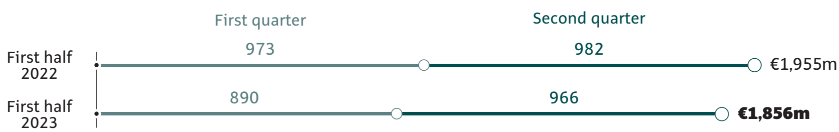


** Net store openings/closures between December 31, 2022 and June 30, 2023.*

4.4 Other Houses

(in € millions)	First half 2023	First half 2022	Change
Revenue	**1,856**	**1,955**	**-5%**
Recurring operating income	**224**	**337**	**-34%**
as a % of revenue	***12.1%***	***17.3%***	***-5.2 pts***
EBITDA	404	498	-19%
as a % of revenue	*21.8%*	*25.5%*	*-3.7 pts*
Acquisitions of property, plant and equipment and intangible assets	82	63	+30%
Average FTE headcount	8,806	8,019	+10%

Revenue

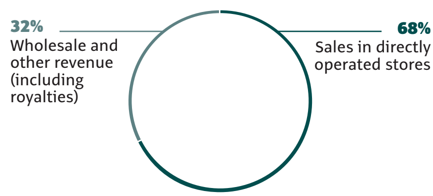


Overall revenue generated by the Other Houses fell by 5%, in both reported and comparable terms, over the first six months of 2023. However, the second quarter brought a marked improvement in the trend, with a fall in revenue on a comparable basis of 1%, compared with 9% in the first quarter.

There were mixed performances across the segment:

- Balenciaga continued to be affected in certain regions by the controversy in late 2022 relating to one of its advertising campaigns, whilst revenue grew in other markets, particularly in Asia. The House also continued its distribution rationalization strategy;
- Alexander McQueen suffered from its exposure to the wholesale market, particularly in the United States. Revenue growth in stores remained strong thanks to the success of its Ready-to-Wear offering;
- After a good year in 2022, revenue at Brioni continued to recover;
- Revenue grew strongly at the Jewelry Houses, with Boucheron leading the way. Total revenue growth at Pomellato and Dodo was extremely robust. Qeelin benefited from the rebound in the Chinese market but was hampered by the slowdown in South Korea, given the very high base of comparison.

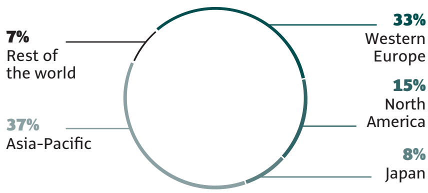
Revenue by distribution channel



Revenue from stores and websites directly operated by the Other Houses rose 8% on a comparable basis. That growth was partly due to new store openings in line with the strategy of moving towards more exclusive distribution, although same-store sales growth was also very solid. After several years of strong growth, e-commerce sales fell over the period and held back the overall performance.

Wholesale revenue fell 27% on a comparable basis. In accordance with the Group's strategy, the Other Houses – primarily Balenciaga and Alexander McQueen – are focusing their wholesale businesses on a limited number of top-quality partners. The period also saw weakness in revenue generated with wholesalers in North America.

Revenue by region



Revenue in Western Europe was down 11% on a comparable basis, affected by the rationalization of wholesale distribution and the in-store performance of Balenciaga, although this saw continuous improvement over the period.

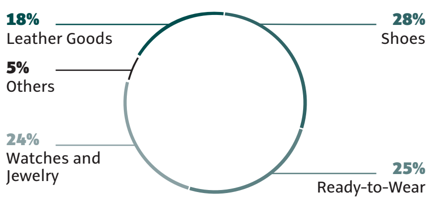
For the same reasons, and against a background of weak demand from more aspirational customers, revenue at the Other Houses fell by 37% in North America.

Conversely revenue grew by 28% on a comparable basis in Japan, with all brands seeing growth as tourism recovered.

In Asia-Pacific, revenue was 24% higher on a comparable basis thanks to excellent trends in the Chinese market and despite the normalization of growth rates in the region's other markets. The recovery of consumption in Greater China benefited all the Other Houses, including Balenciaga which in Asia was not affected by the late-2022 controversy.

In the Rest of the World, the Other Houses saw more mixed performances.

Revenue by product category



Continuing the pattern of 2022, the Jewelry Houses continued to implement their development plans successfully and thus saw the strongest sales growth.

The Ready-to-Wear category also delivered robust growth, particularly in menswear.

After a very strong year in 2022, Leather Goods saw revenue fall, as a result of the performances at Balenciaga and Alexander McQueen.

Exposure to aspirational customers also explains the trend in revenue in the Shoes category, particularly when one takes into account the pace of growth up to 2021.

Royalties increased relative to the first half of 2022, due in particular to the very strong performance of licenses managed by Kering Eyewear.

Recurring operating income

The Other Houses' recurring operating income amounted to €224 million in the first half of 2023, a fall of 34% on the same period of 2022.

Recurring operating margin came to 12.1%, down 5.2 points compared to the historically high level at June 30, 2022. However, this figure is closer to the operating margin for the second half of 2022.

Continued high levels of expenditure on strengthening the Houses' organizations and supporting their development in all their main markets affected profitability given the fall in revenue. This was particularly true at Balenciaga and Alexander McQueen.

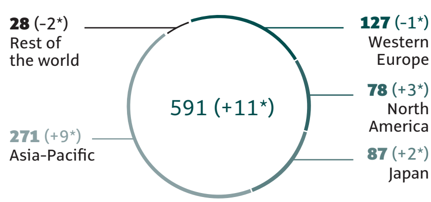
EBITDA was €404 million. EBITDA margin therefore remained above 20%, at 21.8% (3.7 points lower than in the first half of 2022).

Store network and operating investments

The Other Houses had 591 directly operated stores as of June 30, 2023, 11 more than at December 31, 2022.

The Other Houses' operating investments amounted to €82 million. As a proportion of revenue, operating investments increased to 4.4% as opposed to 3.2% in the first half of 2022, an increase that was partly linked to a better split of investment between the first and second half of the year.

Breakdown of directly operated stores by region



** Net store openings/closures between December 31, 2022 and June 30, 2023.*

4.5 Kering Eyewear and Corporate

(in € millions)	First half 2023	First half 2022	Change
Revenue	**869**	**591**	**+47%**
of which Kering Eyewear	*869*	*576*	*+51%*
of which Corporate and other	*-*	*15*	*N/A*
Recurring operating income	**63**	**(7)**	***N/A***
of which Kering Eyewear	*186*	*111*	*+68%*
of which Corporate and other	*(123)*	*(118)*	*-5%*
Acquisitions of property, plant and equipment and intangible assets	1,452	84	*N/A*
Average FTE headcount	6,360	5,122	+24%

The "Kering Eyewear and Corporate" segment comprises:

- Kering Eyewear, whose sales and operating income are presented before the elimination of intra-group sales and other consolidation adjustments (reported on the separate line item "Eliminations");
- Kering Beauté, a business that is in the process of being developed and so is currently a cost center. The acquisition of Creed, announced on June 26, 2023, will be completed in the second half and no revenue was recognized for Kering Beauté in the first half of 2023;
- Kering's headquarters teams, all corporate departments reporting to them – including in the regions – and Shared Services, which provide a range of services to the brands, along with the Kering Sustainability Department.

KGS – the Kering entity that handled sourcing activities for non-Group brands including companies making up the former Redcats group – was sold in November 2022. Sales and operating income for the first half of 2022 include the contribution of KGS.

In the first half of 2023, the segment generated total revenue of €869 million, solely from Kering Eyewear.

Kering Eyewear's sales were up 51% as reported. They included a positive impact from a change in scope, with the consolidation of Maui Jim from October 1, 2022.

At constant scope and exchange rates, revenue rose by 16%, with the number of licenses managed by Kering Eyewear remaining stable relative to 2022. Performance in the first and second halves of the year must be analyzed in view of seasonal variations in Kering Eyewear's business, with significantly more sales taking place in the first six months of the year.

Overall, sales growth at constant scope and exchange rates was very robust in Kering Eyewear's main markets, except in the United States, where trends were less positive.

In terms of the distribution channels of brands managed under license by Kering Eyewear, local chains and the "three Os" (opticians, optometrists and ophthalmologists) constitute the main sales channel (around over 50% of total sales). Revenue from those distributors once again saw very solid growth, showing the effectiveness of Kering Eyewear's sales organization. Performances in the other distribution channels were more mixed. However, sales to brand-specific stores rose sharply and the Travel Retail business continued to recover.

The segment generated operating income of €63 million, comprising operating income of €186 million at Kering Eyewear less Corporate operating expenses (including those of Kering Beauté) of €123 million.

Kering Eyewear's recurring operating margin hit a record high of 21.5%, around 2.3 points more than in 2022. That increase resulted from positive operating leverage but also the accretive nature of the Maui Jim acquisition. However, in the second half of 2023, Kering Eyewear is likely to step up its investments in order to integrate Maui Jim further and in particular to continue developing the brand in new markets. The resulting increase in operating expenses, combined with seasonal variations in revenue, is likely to drag operating margin lower in the second half of the year.

Corporate operating expenses rose by €5 million compared to 2022. Adjusted for the positive contribution of KGS in the first half of 2022, these expenses were almost unchanged. The increase in operating expenses was limited overall, arising mainly from the Group's IT, digital and innovation initiatives, and also reflecting the impact of inflation, which particularly affected payroll expenses.

The segment's operating investments amounted to €1,452 million in the first half of 2023 and included the acquisition of real-estate properties in Paris with the aim of securing prime locations for the Group's Houses. Adjusted for those purchases, operating investments amounted to €93 million. This is broadly similar to the figure for the first half of 2022 (€84 million), and represents a relatively normal level following the peaks seen in 2020 and 2021 in connection with efforts to modernize all IT systems and the logistics organization that Corporate manages on behalf of the Group's brands.

5 - PARENT COMPANY NET INCOME

The parent company, Kering SA, generated income of €81 million in the first half of 2023, compared with a loss of €82 million for the first six months of 2022. The first-half 2023 figure includes €18 million in dividends received from subsidiaries (versus €19 million in the first half of 2022).

6 – TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties in the first half of 2023 are described in Note 17 "Transactions with related parties" to the condensed consolidated interim financial statements.

7 – SUBSEQUENT EVENTS

Kering and Mayhoola announce that Kering becomes a significant shareholder of Valentino as part of a broader strategic partnership

On July 27, 2023, Kering and Mayhoola entered into a binding agreement for the acquisition by Kering of a 30% shareholding in Valentino, for a cash consideration of €1.7bn. The agreement comprises an option for Kering to acquire 100% of the share capital of Valentino no later than 2028. The transaction is part of a broader strategic partnership between Kering and Mayhoola, which could lead to Mayhoola becoming a shareholder in Kering.

Kering strengthens its governance and operations

On July 18, Kering announced a series of top appointments aimed at reinforcing stewardship of its Houses, further elevating operational expertise at Group level, and strengthening its organization.

Francesca Bellettini, President and CEO of Yves Saint Laurent since 2013, in addition to her current role, is appointed Kering Deputy CEO, in charge of Brand Development. All brand CEOs will report to her, and she will be responsible for steering the Group Houses in their next stages of growth. To ensure a smooth transition, Francesca Bellettini will gradually assume her new responsibilities over the coming months and a new Yves Saint Laurent top management lineup has been put in place.

Marco Bizzarri, President and CEO of Gucci since 2015 and a member of Kering's executive committee since 2012, will leave the company effective September 23, 2023.A key member of the Kering leadership Group for 18 years, Marco Bizzarri has masterminded the execution of Gucci's outstanding growth strategy since 2015, following successful assignments at other Kering Group entities.

Jean-François Palus, currently Kering Group Managing Director, is appointed President and CEO of Gucci for a transitional period. He is tasked with strengthening Gucci's teams and operations as the House rebuilds influence and momentum, and readying its leadership and organization for the future. Jean-François Palus will relinquish his position on the Board of Directors of Kering and relocate to Milan.

Jean-Marc Duplaix, Chief Financial Officer since 2012, is appointed Kering Deputy CEO, in charge of Operations and Finance. Jean-Marc Duplaix will head all Group corporate functions and be responsible for enhancing efficiency and accountability.

Appointment of Maureen Chiquet to the Board of Directors

At its meeting of July 18, 2023, the Board of Directors, after consultation with the Nominations & Governance Committee, decided to coopt Maureen Chiquet as independent director for the remainder of Daniela Riccardi's term of office (expiring on the date of the shareholder meeting approving the financial statements for the 2025 fiscal year). She will join Kering's Board of Directors in September 2023.

The cooptation of Maureen Chiquet will be subject to ratification by the shareholder meeting approving the financial statements for the fiscal year ending December 31, 2023.

Maureen Chiquet, a US citizen, has more than 35 years' experience in the Fashion and Luxury goods sector, including nine years as Global CEO of Chanel.

8 – OUTLOOK

To achieve its long-term vision, Kering invests in the development of its Houses, so that they continuously strengthen their desirability and the exclusivity of their distribution, strike a perfect balance between creative innovation and timelessness, and achieve the highest standards in terms of quality, sustainability, and experience for their customers.

In an environment of ongoing economic and geopolitical uncertainty in the near term, Kering will continue to execute on its strategy and vision, in pursuit of two key ambitions: to maintain a trajectory of profitable growth resulting in high levels of cash flow generation and return on capital employed, and to confirm its status as one of the most influential groups in the Luxury industry.

9 - DEFINITIONS OF NON-IFRS FINANCIAL INDICATORS

"Reported" and “comparable" growth

The Group’s “reported” growth corresponds to the change in reported revenue between two periods.

The Group measures "comparable" growth (also referred to as "organic" growth) in its business by comparing revenue between two periods at constant scope and exchange rates.

Changes in scope are dealt with as follows for the periods concerned:

- the portion of revenue relating to acquired entities is excluded from the current period;
- the portion relating to entities divested or in the process of being divested is excluded from the previous period.

Currency effects are calculated by applying the average exchange rates for the current period to amounts in the previous period.

Recurring operating income

The Group’s operating income includes all revenues and expenses directly related to its activities, whether these revenues and expenses are recurring or arise from non-recurring decisions or transactions.

Other non-recurring operating income and expenses consist of items that, by their nature, amount or frequency, could distort the assessment of the Group’s operating performance as reflected in its recurring operating income.They include changes in scope, the impairment of goodwill and brands and, where material, of property, plant and equipment and intangible assets, capital gains and losses on disposals of non-current assets, restructuring costs and disputes.

"Recurring operating income" is therefore a major indicator for the Group, defined as the difference between operating income and other non-recurring operating income and expenses. This intermediate line item is intended to facilitate the understanding of the operating performance of the Group and its Houses and can therefore be used as a way to estimate recurring performance. This indicator is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information.

EBITDA

The Group uses EBITDA to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortization and provisions on non-current operating assets recognized in recurring operating income.

Free cash flow from operations, available cash flow from operations and available cash flow

The Group uses an intermediate line item, "Free cash flow from operations", to monitor its financial performance. This financial indicator measures net operating cash flow less net operating investments (defined as acquisitions and disposals of property, plant and equipment and intangible assets).

The Group has also defined a new indicator, “Available cash flow from operations”, in order to take into account capitalized fixed lease payments (repayments of principal and interest) pursuant to IFRS 16, and thereby reflect all of its operating cash flows.

"Available cash flow" therefore corresponds to available cash flow from operations plus interest and dividends received, less interest paid and equivalent (excluding leases).

Net debt

Net debt is one of the Group’s main financial indicators, and is defined as borrowings less cash and cash equivalents. Lease liabilities are not included in the calculation of this indicator. Borrowings include put options granted to minority interests. The cost of net debt corresponds to all financial income and expenses associated with these items, including the impact of derivative instruments used to hedge the fair value of borrowings.

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to other non-recurring operating income and expenses.

CHAPTER 3

Condensed consolidated interim financial statements for the six months ended June 30, 2023

1 – CONSOLIDATED INCOME STATEMENT

(in € millions)	Notes	First half 2023	First half 2022
CONTINUING OPERATIONS			
Revenue		**10,135**	**9,930**
Cost of sales		(2,405)	(2,552)
Gross margin		**7,730**	**7,378**
Other personnel expenses		(1,505)	(1,376)
Other recurring operating income and expenses		(3,486)	(3,182)
Recurring operating income		**2,739**	**2,820**
Other non-recurring operating income and expenses	5	-	(13)
Operating income		**2,739**	**2,807**
Financial result	6	(204)	(19)
Income before tax		**2,535**	**2,788**
Income tax expense	7	(692)	(747)
Share in earnings (losses) of equity-accounted companies		3	2
Net income from continuing operations		**1,846**	**2,043**
o/w attributable to the Group		*1,785*	*1,987*
o/w attributable to minority interests		*61*	*56*
DISCONTINUED OPERATIONS			
Net income (loss) from discontinued operations		**-**	**1**
o/w attributable to the Group		*-*	*1*
o/w attributable to minority interests		*-*	*-*
GROUP TOTAL			
Net income		**1,846**	**2,044**
o/w attributable to the Group		*1,785*	*1,988*
o/w attributable to minority interests		*61*	*56*

(in € millions)	Notes	First half 2023	First half 2022
Net income attributable to the Group		**1,785**	**1,988**
Basic earnings per share *(in €)*	8.1	14.60	16.09
Diluted earnings per share *(in €)*	8.1	14.59	16.08
Net income from continuing operations attributable to the Group		**1,785**	**1,987**
Basic earnings per share *(in €)*	8.1	14.60	16.08
Diluted earnings per share *(in €)*	8.1	14.59	16.07
Net income from continuing operations (excluding non-recurring items) attributable to the Group		**1,789**	**1,977**
Basic earnings per share *(in €)*	8.2	14.63	15.99
Diluted earnings per share *(in €)*	8.2	14.62	15.99

2 - CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	Notes	First half 2023	First half 2022
Net income		**1,846**	**2,044**
o/w attributable to the Group		*1,785*	*1,988*
o/w attributable to minority interests		*61*	*56*
Change in currency translation adjustments relating to consolidated subsidiaries		**(95)**	**142**
change in currency translation adjustments		*(95)*	*142*
amounts transferred to the income statement		*-*	*-*
Change in foreign currency cash flow hedges	**12**	**119**	**(84)**
change in fair value		*204*	*(212)*
amounts transferred to the income statement		*(79)*	*123*
tax effects		*(6)*	*5*
Change in other comprehensive income (loss) of equity-accounted companies		**-**	**-**
change in fair value		*-*	*-*
amounts transferred to the income statement		*-*	*-*
Gains and losses recognized in equity, to be transferred to the income statement		**24**	**58**
Change in provisions for pensions and other post-employment benefits		**(2)**	**13**
change in actuarial gains and losses		*(2)*	*15*
tax effects		*-*	*(2)*
Change in financial assets measured at fair value	**9.2**	**16**	**(207)**
change in fair value		*22*	*(249)*
tax effects		*(6)*	*42*
Gains and losses recognized in equity, not to be transferred to the income statement		**14**	**(194)**
Total gains and losses recognized in equity		**38**	**(136)**
o/w attributable to the Group		*40*	*(160)*
o/w attributable to minority interests		*(2)*	*24*
COMPREHENSIVE INCOME		1,884	1,908
o/w attributable to the Group		*1,825*	*1,828*
o/w attributable to minority interests		*59*	*80*

3 – CONSOLIDATED BALANCE SHEET

Assets

(in € millions)	Notes	June 30, 2023	Dec. 31, 2022
Goodwill		3,574	4,053
Brands and other intangible assets		8,053	7,357
Lease right-of-use assets		4,672	4,929
Property, plant and equipment		5,125	3,388
Investments in equity-accounted companies		51	49
Non-current financial assets	9.1	695	855
Deferred tax assets		1,600	1,640
Other non-current assets		8	8
Non-current assets		**23,778**	**22,279**
Inventories		4,569	4,465
Trade receivables and accrued income		1,204	1,180
Current tax receivables		491	378
Current financial assets	9.1	262	167
Other current assets		1,340	1,136
Cash and cash equivalents	14	3,328	4,336
Current assets		**11,194**	**11,662**
Assets held for sale		**-**	**-**
TOTAL ASSETS		34,972	33,941

Equity and liabilities

(in € millions)	Notes	June 30, 2023	Dec. 31, 2022
Equity attributable to the Group		14,572	13,998
Equity attributable to minority interests		800	785
Equity	**10**	**15,372**	**14,783**
Non-current borrowings	11.2	5,441	4,347
Non-current lease liabilities		4,219	4,420
Non-current financial liabilities		3	-
Non-current provisions for pensions and other post-employment benefits		71	66
Non-current provisions	13	18	19
Deferred tax liabilities		1,746	1,572
Other non-current liabilities		442	228
Non-current liabilities		**11,940**	**10,652**
Current borrowings	11.2	1,741	2,295
Current lease liabilities		832	812
Current financial liabilities		83	663
Trade payables and accrued expenses		2,327	2,263
Current provisions for pensions and other post-employment benefits		12	12
Current provisions	13	134	168
Current tax liabilities		940	567
Other current liabilities		1,591	1,726
Current liabilities		**7,660**	**8,506**
Liabilities associated with assets held for sale		**-**	**-**
TOTAL EQUITY AND LIABILITIES		34,972	33,941

4 – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(before appropriation of net income) *(in € millions)*	**Notes**	**Number of shares outstanding**	**Share capital**	**Capital reserves**	**Kering treasury shares**	**Cumulative translation adjustments**	**Remeasurement of financial instruments**	**Other reserves and net income**	**Group**	**Minority interests**	**Total**
As of January 1, 2022		**124,068,705**	**499**	**1,655**	**(380)**	**(82)**	**165**	**11,469**	**13,326**	**389**	**13,715**
Net income								1,988	1,988	56	2,044
Total gains and losses recognized in equity						129	(302)	13	(160)	24	(136)
Comprehensive income						**129**	**(302)**	**2,001**	**1,828**	**80**	**1,908**
Change in equity of Kering SA									–	–	–
Change in equity of subsidiaries									–	1	1
Expense related to share-based payments								21	21	–	21
Cancellation of Kering treasury shares									–	–	–
(Acquisitions) disposals of Kering treasury shares[1]	10	(1,205,492)			(645)			(3)	(648)	–	(648)
Distribution of dividends	10							(1,047)	(1,047)	(31)	(1,078)
Other changes[2]								(6)	(6)	4	(2)
As of June 30, 2022		**122,863,213**	**499**	**1,655**	**(1,025)**	**47**	**(137)**	**12,435**	**13,474**	**443**	**13,917**
Net income								1,626	1,626	48	1,674
Total gains and losses recognized in equity						(212)	323	11	122	(10)	112
Comprehensive income						**(212)**	**323**	**1,637**	**1,748**	**38**	**1,786**
Change in equity of Kering SA		102,862		38					38	–	38
Change in equity of subsidiaries									–	345	345
Expense related to share-based payments								24	24	–	24
Cancellation of Kering treasury shares			(3)	(379)	382				–	–	–
(Acquisitions) disposals of Kering treasury shares[1]	10	(745,705)			(385)			3	(382)	–	382
Cash dividend paid and interim dividend	10							(558)	(558)	(14)	(572)
Other changes[2]								(346)	(346)	(27)	(373)
As of December 31, 2022		**122,220,370**	**496**	**1,314**	**(1,028)**	**(165)**	**186**	**13,195**	**13,998**	**785**	**14,783**
Net income								1,785	1,785	61	1,846
Total gains and losses recognized in equity						(93)	135	(2)	40	(2)	38
Comprehensive income						**(93)**	**135**	**1,783**	**1,825**	**59**	**1,884**
Change in equity of Kering SA									–	–	–
Change in equity of subsidiaries									–	1	1
Expense related to share-based payments								13	13	–	13
Cancellation of Kering treasury shares									–	–	–
(Acquisitions) disposals of Kering treasury shares[1]	10	75,215			43				43	–	43
Distribution of dividends	10							(1,154)	(1,154)	(21)	(1,175)
Other changes[2]								(153)	(153)	(24)	(177)
As of June 30, 2023		**122,295,585**	**496**	**1,314**	**(985)**	**(258)**	**321**	**13,685**	**14,572**	**800**	**15,372**

(1) The acquisition cost of Kering treasury shares is reflected in the "Kering treasury shares" column. Capital gains or losses on the sale of Kering treasury shares, along with the related expenses and taxes, are recognized in the "Other reserves and net income" column.
(2) "Other changes" include changes in scope and transactions with minority interests.

5 - CONSOLIDATED STATEMENT OF CASH FLOW

(in € millions)	Notes	First half 2023	First half 2022
Net income from continuing operations		**1,846**	**2,043**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	4	878	797
Other non-cash (income) expenses	15	(139)	(264)
Cash flow received from operating activities	**15**	**2,585**	**2,576**
Interest paid (received)		173	127
Dividends received		(7)	(4)
Current tax expense	7.1	684	804
Cash flow received from operating activities before tax, dividends and interest		**3,435**	**3,503**
Change in working capital requirement	16	(419)	(476)
Income tax paid		(419)	(617)
Net cash received from operating activities		**2,597**	**2,410**
Acquisitions of property, plant and equipment and intangible assets		(1,891)	(361)
Disposals of property, plant and equipment and intangible assets		117	-
Acquisitions of subsidiaries and associates, net of cash acquired		(55)	(11)
Disposals of subsidiaries and associates, net of cash transferred		-	-
Acquisitions of other financial assets		(24)	(119)
Disposals of other financial assets		96	3
Interest and dividends received		14	6
Net cash received from (used in) investing activities		**(1,743)**	**(482)**
Dividends paid to shareholders of Kering SA		(1,712)	(1,483)
Dividends paid to minority interests in consolidated subsidiaries		(12)	(22)
Transactions with minority interests		(26)	(22)
(Acquisitions) disposals of Kering treasury shares		(7)	(648)
Issuance of bonds and bank debt	11.2	1,508	1,708
Redemption of bonds and bank debt	11.2	(658)	(348)
Issuance (redemption) of other borrowings	11.2	(408)	223
Repayment of lease liabilities		(419)	(395)
Interest paid and equivalent		(178)	(128)
Net cash received from (used in) financing activities		**(1,912)**	**(1,115)**
Net cash received from (used in) discontinued operations		**-**	**(8)**
Impact of exchange rates on cash and cash equivalents		14	(11)
Net increase (decrease) in cash and cash equivalents		**(1,044)**	**794**
Cash and cash equivalents at opening	**11.1**	**4,094**	**4,516**
Cash and cash equivalents at closing	**11.1**	**3,050**	**5,310**

6 - NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

PRESENTATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 – INTRODUCTION

1.1 Approval of the condensed consolidated interim financial statements

Kering SA, the Group's parent company, is a *société anonyme* (French corporation) with a Board of Directors, incorporated under French law, whose registered office is located at 40, rue de Sèvres, 75007 Paris, France. It is registered with the Paris Trade and Companies Registry under reference 552 075 020 RCS Paris, and is listed on the Euronext Paris stock exchange.

On July 27, 2023, the Board of Directors approved the condensed consolidated interim financial statements for the six months ended June 30, 2023 and authorized their publication.

The condensed consolidated interim financial statements for the six months ended June 30, 2023 reflect the accounting position of Kering SA, its subsidiaries and its associates (the "Group").

Unless otherwise stated, amounts are stated in millions of euros. In general, the values presented in the consolidated financial statements and notes are rounded to the nearest unit. As a result, the sum of rounded amounts shown in the tables within the notes may show non-material discrepancies with the reported totals.

1.2 Application of IFRS accounting framework

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, the condensed consolidated interim financial statements were prepared in accordance with applicable IFRS (International Financial Reporting Standards) as endorsed by the European Union at the time.

The condensed consolidated interim financial statements for the six months ended June 30, 2023 were prepared in accordance with IAS 34 "Interim financial reporting". The notes do not include all of the disclosures required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022.

The condensed consolidated interim financial statements are prepared according to the accounting policies and methods applied by the Group in the 2022 consolidated financial statements (presented in Note 33 -Accounting policies and methods) with the exception of the method relating to income tax and standards, amendments and interpretations endorsed by the European Union that entered into force on January 1, 2023.

For the condensed consolidated interim financial statements for the six months ended June 30, 2023, current and deferred tax expense is calculated by applying the average annual tax rate estimated for each country or tax group in the current tax year to pre-tax accounting profit.

Standards, amendments and interpretations endorsed by the European Union and applicable as of January 1, 2023

Standards, amendments and interpretations published by the IASB and mandatorily applicable as of January 1, 2023 are listed below:

- Amendment to IAS 1 – Presentation of Financial Statements, Disclosure of Accounting Policies;
- Amendment to IAS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors, Definition of Accounting Estimates;
- Amendment to IAS 12 – Income Taxes, Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction;
- IFRS 17 – Insurance Contracts and the amendments to IFRS 17 published in May 2017, June 2020 and December 2021.

Based on its analysis of the texts that came into force on January 1, 2023, the Group concluded that there was no material impact on its condensed consolidated interim financial statements for the six months ended June 30, 2023.

Standards, amendments and interpretations applicable as of January 1, 2023 but not yet endorsed by the European Union

Amendments to IAS 12 – Income Taxes, International Tax Reform – Pillar Two Model Rules were published by the IASB on May 23, 2023. This text, which is immediately applicable for accounting periods beginning on or after January 1, 2023, has not yet been endorsed by the European Union. At the time the condensed consolidated interim financial statements were prepared, endorsement by the European Union was expected in the second half of 2023.

The amendments to IAS 12 follow the publication of the "GloBE rules" by the Organisation for Economic Co-operation and Development (OECD) in December 2021 and its adoption by member jurisdictions. The model rules aim to ensure that companies with consolidated revenue or total consolidated assets of more than €750 million (as shown in their consolidated financial statements for two consecutive years) pay a minimum income tax rate of 15% in each jurisdiction in which they operate.

The amendments to IAS 12 provide for:

- A temporary exemption from recognizing deferred tax resulting from the implementation of the Pillar Two International Tax Reform;
- Targeted information to be published in the notes to the consolidated financial statements, making it possible to understand an entity's exposure based on information that is known or can reasonably be estimated;
- A separate presentation of the current tax that will result from the application of the Pillar Two International Tax Reform after it has come into force.

The Group is carefully monitoring the dates on which this text comes into force in the various jurisdictions that have adopted the OECD's tax reform.

As of the closing date of the condensed consolidated interim financial statements, the Group was analyzing the impact of this reform.

Standards, amendments and interpretations applicable as of January 1, 2024 but not yet endorsed by the European Union

Standards, amendments of standards and interpretations that have been published but have not yet been endorsed by the European Union are listed below:

- Amendments to IAS 1 – Presentation of Financial Statements, Classification of Liabilities as Current or Non-Current, and Non-Current Liabilities with Covenants.
- Amendments to IFRS 16 – Leases, Lease Liability in a Sale and Leaseback.
- Amendments to IAS 7 – Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures, Supplier Finance Arrangements.

As of the closing date of the condensed consolidated interim financial statements, the Group was analyzing the impact of these amendments.

1.3 Changes in legislation

On April 14, 2023, France's pension reform act was adopted. The measures resulting from this reform were taken into account in determining the Group's pension liabilities at June 30, 2023. The impact shown by that analysis is not material for the Group.

1.4 Climate risks

In accordance with the recommendation of the *Task Force on Climate-Related Financial Disclosure (TCFD)*, in 2022 Kering conducted an initial assessment of the financial impact of specific climate risks.

In the first half of 2023, the work done by the Group's Sustainable Finance department and presented in the Group's 2022 consolidated financial statements continued.

The analysis performed so far has not shown any material impact on the Group's financial statements.

NOTE 2 – SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023

Kering Beauté acquires Creed, the high-end Luxury heritage fragrance house

On June 26, 2023, Kering Beauté announced that it had signed an agreement to acquire 100% of Creed from funds controlled by BlackRock Long Term Private Capital Europe and Creed's current Chairman Javier Ferrán.

Established in 1760 by James Henry Creed, the House of Creed is the largest global independent player in the high-end fragrance market. Creed possesses a distinct collection of timeless and sophisticated perfumes. Creed has achieved double-digit growth in recent years, with outstanding profitability and very wide EBITDA margins, while maintaining the excellent quality of its products and image. In its financial year ended March 31, 2023, the company generated revenue of over €250 million. With its network of 36 stores, Creed offers its customers a unique, customized experience. The brand is also distributed through a network of around 1,400 points of sale.

The acquisition of Creed is a major step for Kering Beauté. A perfect fit with its portfolio of renowned Luxury brands, it immediately provides Kering Beauté with substantial scale, an outstanding financial profile, as well as a platform for supporting the future development of other Kering Beauté fragrance franchises, in particular by leveraging Creed's global distribution network.

While preserving Creed's rich heritage and high-end brand image, Kering Beauté will further unlock Creed's potential across geographies, channels, and categories, notably through the acceleration of its development in China and in Travel Retail, and while pursuing the expansion of its feminine fragrance, body and home categories.

Kering Eyewear acquires UNT, one of its key suppliers in the production of high-precision components

On June 30, 2023, Kering Eyewear acquired 100% of the share capital of the French company UNT, Usinage & Nouvelles Technologies, to strengthen its position in the Luxury eyewear industry. UNT is a key player in the manufacturing of high-precision metal and mechanical components for the entire Luxury eyewear sector.

Following on from the acquisition of Manufacture Kering Eyewear – previously Manufacture Cartier Lunettes – in France in 2017 and the purchase of a stake in Trenti Industria Occhiali in Italy in 2019, this transaction represents another important step in the industrial development strategy of Kering Eyewear, which controls its supply chain through strategic partnerships with industry-leading manufacturers, ensuring an unparalleled level of quality and technical expertise.

Kering Eyewear and UNT share the same vision and values of excellence, craftsmanship, innovation and sustainability.

Dual-tranche bond issue for a total amount of €1.5 billion

On February 20, 2023, Kering carried out a €1.5 billion dual-tranche bond issue, consisting of:

- a €750 million tranche with a 6-year maturity and a 3.25% coupon,
- and a €750 million tranche with a 10-year maturity and a 3.375% coupon.

The issue forms part of the Group's active liquidity management program. It helps to enhance the Group's funding flexibility by enabling it to refinance existing debt.

The great success of this issue with investors underscored the market's confidence in the credit quality of the Group.

NOTE 3 – SUBSEQUENT EVENTS

Kering and Mayhoola announce that Kering becomes a significant shareholder of Valentino as part of a broader strategic partnership

On July 27, 2023, Kering and Mayhoola entered into a binding agreement for the acquisition by Kering of a 30% shareholding in Valentino, for a cash consideration of €1.7bn. The agreement comprises an option for Kering to acquire 100% of the share capital of Valentino no later than 2028. The transaction is part of a broader strategic partnership between Kering and Mayhoola, which could lead to Mayhoola becoming a shareholder in Kering.

Kering strengthens its governance and operations

On Tuesday July 18, Kering announced a series of top appointments aimed at reinforcing stewardship of its Houses, further elevating operational expertise at Group level, and strengthening its organization.

Francesca Bellettini, President and CEO of Yves Saint Laurent since 2013, in addition to her current role, is appointed Kering Deputy CEO, in charge of Brand Development. All brand CEOs will report to her, and she will be responsible for steering the Group Houses in their next stages of growth. To ensure a smooth transition, Francesca Bellettini will gradually assume her new responsibilities over the coming months and a new Yves Saint Laurent top management lineup has been put in place.

Marco Bizzarri, President and CEO of Gucci since 2015 and a member of Kering's executive committee since 2012, will leave the company effective September 23, 2023. A key member of the Kering leadership Group for 18 years, Marco Bizzarri has masterminded the execution of Gucci's outstanding growth strategy since 2015, following successful assignments at other Kering Group entities.

Jean-François Palus, currently Kering Group Managing Director, is appointed President and CEO of Gucci for a transitional period. He is tasked with strengthening Gucci's teams and operations as the House rebuilds influence and momentum, and readying its leadership and organization for the future. Jean-François Palus will relinquish his position on the Board of Directors of Kering and relocate to Milan.

Jean-Marc Duplaix, Chief Financial Officer since 2012, is appointed Kering Deputy CEO, in charge of Operations and Finance. Jean-Marc Duplaix will head all Group corporate functions and be responsible for enhancing efficiency and accountability.

NOTE 4 – OPERATING SEGMENTS

(in € millions)	Gucci	Yves Saint Laurent	Bottega Veneta	Other Houses	Kering Eyewear and Corporate	Eliminations	Total
FIRST HALF 2023							
Revenue[(1)]	**5,128**	**1,576**	**833**	**1,856**	**869**	**(127)**	**10,135**
Recurring operating income	**1,810**	**481**	**169**	**224**	**63**	**(8)**	**2,739**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	362	119	90	180	127	N/A	878
EBITDA	2,172	600	259	404	190	(8)	3,617
Acquisitions of property, plant and equipment and intangible assets [(2)]	232	81	44	82	1,452	N/A	1,891
FIRST HALF 2022							
Revenue [(1)]	**5,173**	**1,481**	**834**	**1,955**	**591**	**(104)**	**9,930**
Recurring operating income	**1,886**	**438**	**168**	**337**	**(7)**	**(2)**	**2,820**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	327	107	83	161	119	N/A	797
EBITDA	2,213	545	251	498	112	(2)	3,617
Acquisitions of property, plant and equipment and intangible assets	154	25	35	63	84	N/A	361

(1) Intragroup revenue is eliminated in a specific column.
(2) Including the acquisition of strategic real-estate properties for €1,359 million.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

NOTE 5 – OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

(in € millions)	First half 2023	First half 2022
Gains relating to changes in the scope of consolidation	-	29
Gains on disposals of non-current assets	85	-
Reversals of restructuring costs	23	2
Other	6	-
Other non-recurring operating income	**114**	**31**
Losses relating to changes in the scope of consolidation	(1)	(1)
Losses on disposals of non-current assets	-	-
Impairment of goodwill and other non-current assets	(54)	(14)
Restructuring costs	(31)	(16)
Acquisition costs	(1)	-
Other	(27)	(14)
Other non-recurring operating expenses	**(114)**	**(43)**
OTHER NON-RECURRING OPERATING INCOME AND EXPENSES	-	(13)

In the first half of 2023, restructuring costs, net of reversals, mainly concern the continuation of restructuring initiatives that began in 2022 at Gucci.

Other costs correspond to:

- impairment of other non-current assets, mainly related to the reorganization of Gucci's creative studio and
- impairment of other assets at Alexander McQueen and Brioni.

The €85 million of capital gains from asset disposals relate to the sale of a building in London.

NOTE 6 – FINANCIAL RESULT

(in € millions)	First half 2023	First half 2022
Cost of net debt[1]	**(40)**	**(18)**
Income from cash and cash equivalent	22	2
Finance costs at amortized cost	(62)	(20)
Other financial income and expenses	**(94)**	**57**
Net gains (losses) on financial assets	2	4
Net foreign exchange gains (losses)	(44)	26
Ineffective portion of cash flow and fair value hedges	(53)	(65)
Net gains (losses) on derivative instruments not qualifying for hedge accounting	7	101
Other finance costs	(6)	(9)
Total financial result (excluding leases)	**(134)**	**39**
Interest expense on lease liabilities	(70)	(58)
TOTAL	(204)	(19)

(1) Net debt is defined on page 31.

The Group's cost of net debt was €40 million in the first half of 2023 (€18 million in the first half of 2022). The increase is mainly due to the increase in the average interest rate on the Group's debt, partly offset by the higher return on the Group's cash position.

Other financial income and expenses represent a net expense of €94 million in the first half of 2023, as opposed to income of €57 million in the first half of 2022.

This €151 million variation was mainly due to the non-recurrence in 2023 of the €106 million positive impact from revaluing the option component of the bonds exchangeable for PUMA shares (redeemed in September 2022) at fair value through the income statement. This effect was amplified by negative exchange-rate effects amounting to €44 million.

NOTE 7 – INCOME TAX

7.1 Income tax expense

(in € millions)	First half 2023	First half 2022
Current tax expense	(684)	(804)
Deferred tax income (expense)	(8)	57
TOTAL	(692)	(747)

7.2 Reconciliation of the effective tax rate

As of June 30, 2023, the Group estimates that its full-year tax rate (in accordance with IAS 34) will be 27.3%.

(in € millions)	First half 2023	First half 2022
Income before tax	2,535	2,788
Income tax expense	(692)	(747)
Effective tax rate	**27.3%**	**26.8%**
Other non-recurring operating income and expenses	-	(13)
Recurring income before tax	2,535	2,801
Income tax on other non-recurring operating income and expenses	(4)	23
Tax expense on recurring income	(688)	(770)
Effective tax rate on recurring income[(1)]	**27.1%**	**27.5%**

(1) The effective tax rate on recurring income is defined on page 31.

NOTE 8 – EARNINGS PER SHARE

8.1 Earnings per share

First half 2023

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**1,785**	**1,785**	**-**
Weighted average number of ordinary shares outstanding	124,070,778	124,070,778	124,070,778
Weighted average number of Kering treasury shares	(1,800,186)	(1,800,186)	(1,800,186)
Weighted average number of ordinary shares	**122,270,592**	**122,270,592**	**122,270,592**
Basic earnings per share *(in €)*	**14.60**	**14.60**	**-**
Weighted average number of ordinary shares	122,270,592	122,270,592	122,270,592
Potentially dilutive ordinary shares	79,521	79,521	79,521
Weighted average number of diluted ordinary shares	**122,350,113**	**122,350,113**	**122,350,113**
Diluted earnings per share *(in €)*	**14.59**	**14.59**	**-**

First half 2022

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**1,988**	**1,987**	**1**
Weighted average number of ordinary shares outstanding	124,697,462	124,697,462	124,697,462
Weighted average number of Kering treasury shares	(1,089,795)	(1,089,795)	(1,089,795)
Weighted average number of ordinary shares	**123,607,667**	**123,607,667**	**123,607,667**
Basic earnings per share *(in €)*	**16.09**	**16.08**	**0.01**
Weighted average number of ordinary shares	123,607,667	123,607,667	123,607,667
Potentially dilutive ordinary shares	40,800	40,800	40,800
Weighted average number of diluted ordinary shares	**123,648,467**	**123,648,467**	**123,648,467**
Diluted earnings per share *(in €)*	**16.08**	**16.07**	**0.01**

8.2 Earnings per share from continuing operations excluding non-recurring items

Non-recurring items presented below consist of other non-recurring operating income and expenses (see Note 5), reported net of tax and minority interests.

(in € millions)	First half 2023	First half 2022
Net income from continuing operations attributable to the Group	**1,785**	**1,987**
Other non-recurring operating income and expenses	-	(13)
Income tax on other non-recurring operating income and expenses	(4)	23
Net income from continuing operations (excluding non-recurring items) attributable to the Group	**1,789**	**1,977**

	First half 2023	First half 2022
Weighted average number of ordinary shares outstanding	124,070,778	124,697,462
Weighted average number of Kering treasury shares	(1,800,186)	(1,089,795)
Weighted average number of ordinary shares	**122,270,592**	**123,607,667**
Basic earnings per share from continuing operations excluding non-recurring items *(in €)*	**14.63**	**15.99**
Weighted average number of ordinary shares	122,270,592	123,607,667
Potentially dilutive ordinary shares	79,521	40,800
Weighted average number of diluted ordinary shares	**122,350,113**	**123,648,467**
Diluted earnings per share from continuing operations excluding non-recurring items *(in €)*	**14.62**	**15.99**

NOTES ON THE CONSOLIDATED BALANCE SHEET

NOTE 9 – FINANCIAL ASSETS

9.1 Breakdown of financial assets

(in € millions)	June 30, 2023	Dec. 31, 2022
Non-consolidated investments[1]	350	416
Loans and receivables	2	1
Deposits and guarantees	222	226
Other financial investments	121	213
Non-current financial assets	**695**	**855**
Derivative instruments	260	163
Loans and receivables	2	3
Current financial assets	**262**	**167**

(1) of which 2.08% stake in PUMA as of June 30, 2023 (3% in 2022)

9.2 Financial assets measured at fair value

(in € millions)	June 30, 2023	Dec. 31, 2022
Non-consolidated investments	350	416
o/w changes in fair value recognized through equity	*346*	*408*
o/w changes in fair value recognized through the income statement	*4*	*9*
Derivative instruments	260	163
Other financial investments	121	213
o/w changes in fair value recognized through equity	*141*	*205*
o/w changes in fair value recognized through the income statement	*(20)*	*7*
Financial assets measured at fair value	**731**	**791**

NOTE 10 – EQUITY

As of June 30, 2023, the share capital amounted to €496,283,112, comprising 124,070,778 fully paid-up shares with a par value of €4 each (unchanged from December 31, 2022). Excluding the 122,295,585 Kering treasury shares, there were 1,775,193 shares issued and outstanding as of June 30, 2023.

Kering treasury shares

	June 30, 2023		Dec. 31, 2022	
(in € millions)	**Number**	**Amount**	**Number**	**Amount**
Liquidity agreement	1,000	1	-	-
Share buyback program (for cancellation)	650,000	333	650,000	333
Share-based payment	1,124,193	646	1,200,408	690
Kering treasury shares	**1,775,193**	**979**	**1,850,408**	**1,023**

Change in Kering treasury shares	**Number**	**Amount** *(in € millions)*	**Impact on cash** *(in € millions)*
As of January 1, 2023	**1,850,408**	**1,023**	**-**
Purchases under the liquidity agreement	177,685	98	98
Disposals under the liquidity agreement	(176,685)	(97)	(97)
Net purchases under the share buyback program	(76,215)	(43)	-
Cancellations under the share buyback program	-	-	-
Shares vested	-	-	N/A
Net capital gain (loss) on disposal	-	-	N/A
As of June 30, 2023	**1,775,193**	**979**	**1**

NOTE 11 – NET DEBT

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**
Borrowings	7,182	6,642
Cash and cash equivalents	(3,328)	(4,336)
TOTAL	3,854	2,306

11.1 Cash and cash equivalents

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**
Cash	2,154	4,006
Cash equivalents	1,174	330
TOTAL	3,328	4,336

11.2 Breakdown of borrowings by category and maturity

(in € millions)	June 30, 2023	Current	Y+2	Y+3	Y+4	Y+5	Beyond	Total non-current
Bonds	5,110	501	*746*	*497*	*485*	*594*	*2,287*	4,609
Other bank borrowings	168	111	*38*	*19*	-	-	-	57
Bank overdrafts	278	278	-	-	-	-	-	-
Commercial paper	698	698	-	-	-	-	-	-
Other borrowings[(1)]	928	153	642	2	61	7	64	775
o/w Put options granted to minority interests	*792*	*18*	*642*	*2*	*61*	*6*	*63*	*774*
TOTAL	7,182	1,741	*1,426*	*518*	*546*	*601*	*2,351*	5,441
% of total	100%	24%	20%	7%	8%	8%	33%	76%

(1) Other borrowings include accrued interest.

(in € millions)	Dec. 31, 2022	Current	Y+2	Y+3	Y+4	Y+5	Beyond	Total non-current
Bonds	4,226	600	502	748	498	486	1,391	3,626
Other bank borrowings	201	141	31	28	-	-	-	59
Bank overdrafts	242	242	-	-	-	-	-	-
Commercial paper	1,010	1,010	-	-	-	-	-	-
Other borrowings[(1)]	963	302	46	595	-	10	11	661
o/w Put options granted to minority interests	*681*	*20*	*46*	*595*	-	*10*	*11*	*661*
TOTAL	6,642	2,295	579	1,371	498	496	1,402	4,347
% of total	100%	35%	9%	21%	8%	7%	21%	65%

(1) Other borrowings include accrued interest.

11.3 Bond debt

On April 27, 2023, the Group issued €1.5 billion of bonds in two tranches of €750 million each, one with a 6-year maturity and a coupon of 3.25% and the other with a 10-year maturity and a coupon of 3.375%.

In May 2023, the Group repaid €600 million of bonds issued in May 2020.

11.4 Undrawn confirmed lines of credit

As of June 30, 2023, the Group had undrawn confirmed lines of credit totaling €3,035 million (December 31, 2022: €3,035 million). These consisted of a syndicated facility for €2,385 million (of which €170 million falls due in December 2024 and €2,215 million in December 2025), and €650 million of bilateral credit lines with a maturity of more than one year as of June 30, 2023.

NOTE 12 – DERIVATIVE INSTRUMENTS

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**
Non-current financial assets	**-**	**1**
Derivative instruments – at fair value through income statement	-	-
Derivative instruments – cash flow hedges	-	1
Derivative instruments – fair value hedges	-	-
Current financial assets	**260**	**163**
Derivative instruments – at fair value through income statement	18	3
Derivative instruments – cash flow hedges	234	156
Derivative instruments – fair value hedges	8	3
Non-current financial liabilities	**(3)**	**-**
Derivative instruments – at fair value through income statement	-	-
Derivative instruments – cash flow hedges	(3)	-
Derivative instruments – fair value hedges	-	-
Current financial liabilities	**(72)**	**(101)**
Derivative instruments – at fair value through income statement	(6)	(17)
Derivative instruments – cash flow hedges	(62)	(77)
Derivative instruments – fair value hedges	(4)	(7)
TOTAL	185	62

NOTE 13 – PROVISIONS

(in € millions)	**Dec. 31, 2022**	**Charge**	**Reversal (utilized provisions)**	**Reversal (surplus provisions)**	**Foreign exchange differences**	**Other movements**	**June 30, 2023**
Non-current provisions	19	-	(1)	-	(1)	-	18
Current provisions	168	16	(47)	(6)	-	4	134
TOTAL	187	16	(48)	(6)	(1)	4	152

(in € millions)	**June 30, 2023**	**Dec. 31, 2022**
Provision for restructuring costs	33	53
Vendor warranties	23	23
Disputes and other contingencies	96	111
TOTAL	152	187

NOTES ON THE CONSOLIDATED STATEMENT OF CASH FLOW

NOTE 14 – CASH AND CASH EQUIVALENTS AS REPORTED IN THE STATEMENT OF CASH FLOW

(in € millions)	**June 30, 2023**	**June 30, 2022**
Cash and cash equivalents as reported in the balance sheet	**3,328**	**5,790**
Bank overdrafts	(278)	(480)
Cash and cash equivalents as reported in the statement of cash flow	**3,050**	**5,310**

NOTE 15 – CASH FLOW RECEIVED FROM OPERATING ACTIVITIES

(in € millions)	**First half 2023**	**First half 2022**
Net income from continuing operations	**1,846**	**2,043**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	878	797
Other non-cash income and expenses	(139)	(264)
Non-cash recurring operating income and expenses:	(129)	(27)
Fair value of operating foreign exchange rate hedges	*(79)*	*100*
Other	*(50)*	*(127)*
Other non-cash income and expenses:	(10)	(237)
Impairment of goodwill, brands and other non-current assets	*45*	*14*
Fair value of foreign exchange rate hedges in financial result	*64*	*(190)*
Deferred tax expense (income)	*8*	*(57)*
Share in earnings (losses) of equity-accounted companies	*(2)*	*(2)*
Other	*(125)*	*(2)*
Cash flow received from operating activities	**2,585**	**2,576**

NOTE 16 – CHANGE IN WORKING CAPITAL REQUIREMENT

(in € millions)	**First half 2023**	**First half 2022**
Change in inventories	(168)	(627)
Change in trade receivables and accrued income	(53)	(112)
Change in trade payables and accrued expenses	38	558
Change in other operating receivables and payables	(236)	(295)
Change in working capital requirement	**(419)**	**(476)**

NOTE 17 – TRANSACTIONS WITH RELATED PARTIES

Kering SA is controlled by Artémis, which in turn is wholly owned by Financière Pinault.

	June 30, 2023	June 30, 2022
% capital held by the Artémis group in Kering SA	42.0%	41.8%
% of voting rights held by the Artémis group in Kering SA	59.4%	59.1%
Dividend paid for year Y-1 *(in € millions)*	730	625
Fees for the period *(in € millions)*	4	4

The Group pays fees to Artémis for (i) business development consulting services and complex transaction support, and (ii) the identification of development opportunities, new business and cost reduction solutions. These fees are governed by an agreement reviewed by the Audit Committee and approved by the Board of Directors.

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

For the six months ended June 30, 2023

To the Shareholders of Kering,

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

- the review of the accompanying condensed consolidated interim financial statements of Kering for the six months ended June 30, 2023;
- the verification of the information contained in the interim management report.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. 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 condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 -standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information presented in the interim management report on the condensed consolidated interim financial statements subject to our review.

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

Neuilly-sur-Seine and Paris La Défense, July 27, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

STATEMENT BY THE PERSONS RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

We certify that, to our knowledge, the condensed consolidated interim financial statements for the six months ended June 30, 2023 have been 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 and the undertakings included in the consolidation, and that the interim management report gives a fair description of the material events that occurred in the first six months of the financial year and their impact on the interim financial statements, as well as a description of the principal risks and uncertainties for the remaining six months of the year, along with the principal transactions with related parties.

Paris, July 27, 2023.

Jean-François Palus, Group Managing Director

Jean-Marc Duplaix, Chief Financial Officer

Kering

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Empowering Imagination