2023 Interim Financial Report

EssilorLuxottica

EssilorLuxottica

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This is a free translation into English of the 2023 Interim Financial Report issued in French

First-half 2023 Management Report

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As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

Significant events of the period

Lead Director

On February 22, 2023, the Board of Directors decided to appoint Mr. Jean-Luc Biamonti as lead director, following the announcement made on June 28, 2022 to examine the benefits of making such an appointment among the independent directors.

EssilorLuxottica renews license agreement for Target Optical

On February 22, 2023, EssilorLuxottica announced that it has renewed its licensing agreement with Target Corporation (Target), a Minneapolis-based retailer serving guests at nearly 2,000 stores across the U.S. and at Target.com, for the operation and management of Target Optical within Target stores. The multi-year agreement became effective on February 12, 2023.

EssilorLuxottica and ERG sign a long-term Corporate PPA agreement in Italy for the supply of electricity produced from renewable sources

On March 9, 2023, EssilorLuxottica and ERG announced that they had signed a twelve-year Power Purchase Agreement (PPA) for the supply of approximately 900 GWh of green energy between 2023-2034. The agreement is based on the sale by ERG of approximately 75% of the energy produced by its Partinico-Monreale wind farm near Palermo, Italy, the first in the Group's portfolio to complete repowering activities. For EssilorLuxottica, this agreement marks an important step towards its objective of becoming carbon neutral in its direct operations (Scope 1 and 2 emissions) by 2025, starting with Europe by the end of the year, as outlined in its “Eyes on the Planet” Sustainability program.

Exclusive global eyewear collaboration between Oliver Peoples and the RF Brand

On April 27, 2023, EssilorLuxottica and Roger Federer announced that they had signed an exclusive licensing agreement for the design, manufacture, and worldwide distribution of eyewear between the Roger Federer (“RF”) and Oliver Peoples brands. The inaugural collection will launch in the Spring of 2024. The designs will take inspiration from their shared dedication to excellence in one’s craft and appreciation for understated luxury.

Four-year clinical trial results of Essilor Stellest

On April 26, 2023, EssilorLuxottica presented the four-year clinical trial results of its myopia control innovation Essilor Stellest lens for the first time at the 2023 ARVO annual meeting in New Orleans United States. The findings show that Essilor Stellest lenses continue to exhibit strong efficacy in slowing myopia progression and axial eye elongation in children in the fourth year.

The clinical trial which began in 2018 was conducted at the Eye Hospital of Wenzhou Medical University in Wenzhou, China. The study assessed the four-year increase of myopia and axial eye length of children who wore spectacle lenses with highly aspherical lenslets (HAL). Essilor Stellest lenses are based on the optical design of HAL lenses. The key findings from the study, presented by Dr. Björn Drobe from EssilorLuxottica’s R&D team, include:

- HAL lenses saved more than one and a quarter dioptres of myopia on average over four years, demonstrating conclusive evidence of their effectiveness in slowing down myopia progression in children in the fourth year.
- Myopia progression and axial eye elongation in children wearing HAL lenses was slower compared to a modelled control single vision lens group, again indicating sustained myopia control efficacy of the lenses in the fourth year.
- HAL lenses remain effective in slowing myopia progression and axial eye elongation in older children (11-16 y.o.) in the fourth year.

Dr. Yee Ling Wong from the R&D team presented findings from a study that evaluated the eye growth of children wearing spectacle lenses with aspherical lenslets and with single-vision lenses in comparison to eye growth patterns in non-myopic children in Wenzhou, China. These findings concluded that the eye growth pattern in 9 out of 10 children wearing HAL lenses full-time was similar or slower than that of non-myopic children, after two years.

The release of the four-year data follows the recent publication of the three-year clinical trial findings in the medical journal American Journal of Ophthalmology, which also highlights evidence of continued myopia control efficacy of the lens in slowing down myopia progression in children over three years. When children switched to HAL lenses in the third year after two years of wearing single vision lenses, myopia progression and axial eye elongation decreased significantly, compared to children wearing single vision lenses.

EssilorLuxottica and Chalhoub Group sign joint venture agreement to grow retail eyewear presence in GCC region

On May 10, 2023, EssilorLuxottica and Chalhoub Group signed a joint-venture for the development of direct eyewear retail in the GCC region. The agreement aims to shape the eyewear category and achieve new levels of customer service through combining EssilorLuxottica’s eyewear expertise, technology, and brands, with Chalhoub Group’s deep understanding of the region’s consumers and delivery of unforgettable experiences. A series of mono-brand and multi-brand stores will be launched in the GCC for EssilorLuxottica’s core and iconic global eyewear brands, including Ray-Ban, Persol, and Oliver Peoples, allowing the brand to expand its global footprint in the GCC region. The unique luxury multi-brand eyewear concept, David Clulow – born in the United Kingdom and well-known among Middle Eastern consumers from London – will also be introduced with new stores set to focus on an elevated customer experience, with unmatched service, along with the best in eyeglass technologies.

Dividend distribution

The Annual Shareholders' Meeting of EssilorLuxottica held on May 17, 2023 approved the distribution of a dividend of €3.23 per ordinary share for the year 2022.

The Annual Shareholders' Meeting decided to grant to the shareholders the option to receive their dividend in newly issued shares at a price of €160.91 per share (so-called *scrip dividend*). This price corresponds to 90% of the average of the opening prices quoted on Euronext Paris over the twenty trading days preceding the date of the Annual Shareholders' Meeting less the dividend to be distributed for the financial year ended on December 31, 2022, this total being rounded up to the next Euro cent.

The period to opt for payment of the dividend in newly issued shares was open from May 24, 2023, up to, and including, June 7, 2023. At the end of that period, 294,375,414 dividend rights were exercised in favor of the payment of the 2022 dividend in shares. Accordingly, on June 13, 2023, 5,909,082 new EssilorLuxottica's shares were issued, delivered and admitted to trading on Euronext Paris. Those new share confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

The total cash dividend paid to the shareholders who did not opt for the *scrip dividend* amounted to €487 million and was paid on the same date, June 13, 2023.

EssilorLuxottica and Jimmy Choo announce a ten-year licensing agreement

On June 29, 2023, EssilorLuxottica and Jimmy Choo announced that they have signed an exclusive license agreement for the design, manufacture, and worldwide distribution of Jimmy Choo Eyewear. The agreement will be effective from January 1, 2024 until December 31, 2028, with an automatic renewal option of an additional five years. The first collection under the agreement will be available on the market from Q1 2024.

Consolidated revenue

EssilorLuxottica revenue

€ millions	H1 2023	H1 2022	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**12,851**	**11,994**	**8.2%**	**7.1%**

€ millions	Q2 2023	Q2 2022	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**6,699**	**6,387**	**8.0%**	**4.9%**

Revenue by operating segment

EssilorLuxottica is a vertically integrated player whose go to market strategy is based on two distribution channels.

The Group's operating segments are:

– the **Professional Solutions** (“PS”): representing the wholesale business of the Group, i.e. the supply of the Group's products and services to all the professionals of the eyecare industry (distributors, opticians, independents, third-party e-commerce platforms, etc. …); and

– the **Direct to Consumer** (“DTC”): representing the retail business of the Group, i.e. the supply of the Group's products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar) or the online channel (e-commerce).

€ millions	H1 2023	H1 2022	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	6,234	5,837	7.9%	6.8%
Direct to Consumer	6,616	6,157	8.5%	7.5%
REVENUE	**12,851**	**11,994**	**8.2%**	**7.1%**

€ millions	Q2 2023	Q2 2022	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	3,208	3,057	8.2%	4.9%
Direct to Consumer	3,491	3,330	7.8%	4.8%
REVENUE	**6,699**	**6,387**	**8.0%**	**4.9%**

Second-quarter revenue by operating segment

Professional Solutions

In the second quarter, the wholesale segment posted revenue of €3,208 million, up 8.2% at constant exchange rates[1] versus the same period of 2022 (+4.9% at current exchange rates), broadly in line with the sound pace of the first three months of the year (+7.7% at constant exchange rates[1]).

All the regions were on the rise in the period, with North America low-single digit positive while decelerating compared to the first quarter and Asia-Pacific rebounding on the back of buoyant Greater China, advancing more than 50%. EMEA continued to be a consistently strong contributor to the business growth, thanks to a well-engaged customer base and a well-diversified geographical footprint. The performance was fuelled by all categories, ophthalmic and contact lenses as well as frames, including luxury brands, with the exception of sunglasses in North America.

Direct to Consumer

The retail segment recorded revenue of €3,491 million, up 7.8% at constant exchange rates[1] year over year (+4.8% at current exchange rates), just slightly slower than the strong performance of the first quarter (+9.4% at constant exchange rates[1]).

All the regions contributed to the revenue growth. Comparable-store sales[3] expanded by 5%, combining above 10% growth in EMEA, Asia-Pacific and Latin America, all positive in both optical and sun, and negative North America, low-single digit up in optical but negative and worsening in sun. E-commerce was only slowly progressing, burdened by a negative North America.

First-half revenue by operating segment

Professional Solutions

In the first half of 2023, Professional Solutions posted revenue of €6,234 million, up 7.9% at constant exchange rates[1] versus 2022 (+6.8% at current exchange rates).

The solid performance was supported by the positive results of all the regions and driven by the double-digit growth of Asia-Pacific benefiting from the fast-track recovery in Greater China since February. All categories grew nicely, with the optical portfolio experiencing solid growth in all the regions, while sun experienced a slowdown in North America offset by strong growth in the other regions.

Direct to Consumer

In the first half of 2023, Direct to Consumer segment posted revenue of €6,616 million, up 8.5% at constant exchange rates[1] compared to 2022 (+7.5% at current exchange rates).

Brick-and-mortar comparable-store sales[3] were up mid-single digit, driven by double-digit growth in EMEA, Asia-Pacific, and Latin America, while North America ended the first half slightly negative. Optical banners took the lead, with positive performance across regions. Sun banners were robust in all the regions but North America, with double-digit growth in EMEA and Asia-Pacific. E-commerce posted low-single-digit growth.

Revenue by geographical area

EssilorLuxottica's geographical areas are **North America**, **EMEA** (i.e. Europe, including Turkey and Russia, together with Middle East and Africa), **Asia-Pacific** and **Latin America**.

€ millions	H1 2023	H1 2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	5,888	5,591	4.5%	5.3%
EMEA	4,717	4,401	9.8%	7.2%
Asia-Pacific	1,519	1,351	17.9%	12.4%
Latin America	727	650	10.3%	11.8%
REVENUE	**12,851**	**11,994**	**8.2%**	**7.1%**

€ millions	Q2 2023	Q2 2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	3,029	3,026	2.3%	0.1%
EMEA	2,523	2,347	10.6%	7.5%
Asia-Pacific	769	666	23.9%	15.5%
Latin America	378	348	9.3%	8.4%
REVENUE	**6,699**	**6,387**	**8.0%**	**4.9%**

Second-quarter revenue by geographical area

North America

North America posted revenue of €3,029 million, up 2.3% at constant exchange rates[1] versus the second quarter of 2022 (+0.1% at current exchange rates), decelerating compared to the previous quarter mainly due to the softer demand in the retail sun business.

Professional Solutions was up low-single digit driven by the optical category with lenses, prescription frames and contact lenses growing nicely. Varilux was a key contributor on the lens side preparing the ground for the launch of the new XR series in July. Crizal also delivered a solid performance in the quarter. From a frame brand perspective, the demand for the luxury collections held up well with Prada continuing to shine. The sound pace of growth delivered by Ray-Ban bodes well for the newly introduced Reverse style, which generated encouraging initial results. Independent ECPs and key accounts delivered solid growth while the sport channel and department stores showed softer trends.

Direct to Consumer was up low-single digit thanks to the sound performance of the optical banners combined with a thriving managed care division. The healthy demand from insured consumers and favorable eye exam appointment metrics sustained the growth at LensCrafters and Target Optical, which delivered positive comparable-store sales[3]. Comparable-store sales[3] at Sunglass Hut remained negative due to weakening demand trends in a less supportive environment for discretionary categories on top of mixed weather conditions particularly in the southeastern states.

EMEA

EMEA posted revenue of €2,523 million, up 10.6% at constant exchange rates[1] versus the second quarter of 2022 (+7.5% at current exchange rates), accelerating versus the previous quarter and on top of the double-digit growth of last year.

Professional Solutions was up high-single digit, growing solidly in its most important quarter of the year. A well-engaged customer base, a well-diversified geographical footprint as well as a strong execution of the open model strategy was at the base of the success. All main countries posted a flourishing performance, in particular France, Italy and Spain. The sunglasses category was driving the results with luxury frames still outpacing the rest and the Prada, Dolce&Gabbana and Versace licenses in particular good shape. From a lens perspective, Varilux, Transitions and Crizal continued to be consistent, solid contributors. The new Varilux XR series, highly anticipated by the market, was off to a promising start from the month of May. From a channel perspective, the large retail chains were the top performers of the quarter.

Direct to Consumer was up double digits with a strong contribution from both the optical and sun brick-and-mortar stores. Comparable-store sales[3] in optical rose around 10% thanks to a vibrant Vision Express (UK), Salmoiraghi & Viganò (Italy), Optica2000 (Spain) and Générale d'Optique (France). The integration of the new banners continued to progress in line with expectations and the enhanced assortment in frames and lenses supported the revenue acceleration. Sunglass Hut delivered another impressive quarter with comparable-store sales[3] growing double digits for the sixth consecutive quarter.

Asia-Pacific

Asia-Pacific posted revenue of €769 million, up 23.9% at constant exchange rates[1] versus the second quarter of 2022 (+15.5% at current exchange rates) boosted by the reopening of China.

In Professional Solutions, revenues were up by more than one fourth. Mainland China was the primary driver growing double digits across all product categories. The lens business was supported by the branded portfolio with Stellest more than doubling sales compared to last year, testifying the strong degree of acceptance among doctors and parents in the country. The strong performance in frames was underpinned by the luxury portfolio, Ray-Ban, Oakley and the number one domestic eyewear brand, Bolon. India, Japan and South Korea also delivered healthy growth.

Direct to Consumer was up double digits with optical and sun comparable-store sales[3] pacing at a similar rate. OPSM in Australia posted low-single-digit comparable-store sales[3] bolstered by a favorable price mix, while comparable-store sales[3] in Mainland China were highly favorable with both LensCrafters and Ray-Ban growing double digits. Sunglass Hut in South-East Asia kept up the positive momentum.

Latin America

Latin America posted revenue of €378 million, up 9.3% at constant exchange rates[1] versus the second quarter of 2022 (+8.4% at current exchange rates), on top of the strongest quarter of last year (+23.9% versus 2021[4] at constant exchange rates[1]).

Professional Solutions was up high-single digit with Brazil and Mexico continuing to grow broadly in line with the previous quarter. The performance in the region was fueled by the strong performance of the branded lens portfolio supported by Varilux, Eyezen and Kodak. The frame business also posted positive results.

Direct to Consumer was up double digits. On the optical side, comparable-store sales[3] grew firmly in Mexico across all product categories and GMO continued to gain further momentum. Comparable-store sales[3] at Sunglass Hut was up mid-single digit with healthy trends across all countries and the Palacio de Hierro luxury stores in Mexico contributing nicely.

First-half revenue by geographical area

North America

North America posted revenue of €5,888 million, up 4.5% compared to 2022 at constant exchange rates[1] (+5.3% at current exchange rates).

Both Professional Solutions and Direct to Consumer posted mid-single-digit growth at constant exchange rates[1]. Professional Solutions was supported by the optical categories, replacing last year's engine of sun frames. Both independent ECPs and key accounts were solid. The Direct to Consumer segment was positive thanks to the resilient optical stores, partially offset by the discretionary sun business both online and offline.

EMEA

EMEA posted revenue of €4,717 million, up 9.8% compared to 2022 at constant exchange rates[1] (+7.2% at current exchange rates).

The solid EMEA business was supported by the positive performance of all the key countries in the region. In Professional Solution, the sunglasses category drove the growth as luxury frames kept showing a remarkable strength, while the branded lenses consistently contributed with the Varilux XR Series joining the portfolio debuting in May. The double-digit growth of Direct to Consumer was helped by a resilient performance of the optical banners and further boosted by the strong growth of Sunglass Hut.

Asia-Pacific

Asia-Pacific posted revenue of €1,519 million, up 17.9% compared to 2022 at constant exchange rates[1] (+12.4% at current exchange rates).

The region benefited from the reopening of China leading to an improved business environment as well as strong growth in the other Asian countries. Professional Solutions in China was up by more than one fourth, with Stellest for lenses and luxury licenses for frames as best performers. In Direct to Consumer, brick-and-mortar delivered double-digit comparable-store sales[3] growth for both sun and optical banners, supported by a favorable China and a strong Sunglass Hut, despite the Australian business seeing a slowdown in the second quarter.

Latin America

Latin America posted revenue of €727 million, up 10.3% compared to 2022 at constant exchange rates[1] (+11.8% at current exchange rates).

Being the fastest growing region of last year, Latin America kept a solid momentum in the first half of 2023, driven by the Direct to Consumer segment, with the optical banners delivering double-digit comparable-store sales[3] and Sunglass Hut following suit. Professional Solutions was supported by a healthy Brazil coupled with a double-digit growth profile in Mexico.

Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica condensed consolidated statement of profit or loss

€ millions	H1 2023	H1 2022	Change
Revenue	12,851	11,994	7.1%
Cost of sales	(4,629)	(4,278)	8.2%
GROSS PROFIT	**8,221**	**7,716**	**6.5%**
% of revenue	*64.0%*	*64.3%*	
Total operating expenses	**(6,389)**	**(6,006)**	**6.4%**
OPERATING PROFIT	**1,832**	**1,711**	**7.1%**
% of revenue	*14.3%*	*14.3%*	
PROFIT BEFORE TAXES	**1,759**	**1,661**	**5.9%**
% of revenue	*13.7%*	*13.9%*	
Income taxes	(322)	(424)	-24.1%
Effective tax rate	*18.3%*	*25.5%*	
NET PROFIT	**1,437**	**1,237**	**16.2%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,361**	**1,174**	**15.9%**

The table above shows the performance of EssilorLuxottica activities in the first semesters of 2023 and 2022. The comparability of the financial information presented is no longer affected by the accounting of the combination between EssilorLuxottica and GrandVision, occurred on July 1, 2021.

- *Revenue* increased by 7.1% compared to the first semester of 2022, at current exchange rates; the Group's net sales performance has been commented, by operating segment as well as by geographical area, in the paragraph *Consolidated revenue* above.
- *Cost of sales* increased showing a +8.2% variation at current exchange rates versus the first semester 2022 leading to a decrease in the *Gross profit* margin (64.0% versus 64.3% in the first semester of 2022). The main driver of the *Gross margin* dilution is foreign exchange. In addition, favorable price-mix and manufacturing efficiencies were broadly offset by higher insurance claim costs. Moreover, the *Gross profit* was affected by a one-off inventory write-off linked to the strategic decision to gradually change the product assortment in the GrandVision store network.
- *Operating expenses* are still materially affected by the depreciation and amortization resulting from the recognition of tangible and intangible assets following the purchase price allocation related to the combination between Essilor and Luxottica and the acquisition of GrandVision (approximately €484 million in the first semester 2023 versus approximately €479 million recorded in the same period of last year). The performance of the first semester 2023 (an increase of 6.4% at current exchange rates) was affected by inflationary trends, particularly on labor costs, as well as by strategic decisions made on the GrandVision perimeter to foster its integration (see paragraph *Adjusted measures* for further details). The *Operating profit* represented 14.3% of revenue, in line with the first semester 2022.
- *Net profit* significantly increased to €1,437 million from €1,237 million reported in the first semester of 2022, as a result of the combined effect of an increase in financial expenses more than offset by a tax benefit related to the reassessment of an *uncertain tax position* (see paragraph *Adjusted measures*).

EssilorLuxottica Alternative Performance Measures (APM)

Adjusted measures

In this document, management presented certain performance indicators that are not envisioned by the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Such measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica condensed consolidated interim financial statements prepared in accordance with IFRS. Rather, these non-IFRS measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group and should be read in conjunction with EssilorLuxottica condensed consolidated interim financial statements. Such measures are not defined terms under IFRS and their definitions should be carefully reviewed and understood by investors.

The combination of Essilor and Luxottica (the “EL Combination”), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, as well as events that are unusual, infrequent or unrelated to normal operations, have a significant impact on the consolidated results. Accordingly, in order to provide additional comparative information on the results for the period under review compared to previous periods, to reflect EssilorLuxottica actual economic performance and enable it to be monitored and benchmarked against competitors, some measures have been adjusted (“adjusted measures”). In particular, management adjusted the following measures: *Cost of sales*, *Gross profit, Operating expenses, Operating profit, Profit before taxes* and *Net profit.* Such adjusted measures are reconciled to their most comparable measures reported in the condensed consolidated interim statements of profit or loss for the six-month periods ended June 30, 2023.

In continuity with previous periods, in the first semester of 2023 adjusted measures exclude: (i) the incremental impacts of the purchase price allocations related to the strategic and material acquisitions completed by the Group ("*Adjustments related to PPA impacts*"); and (ii) other adjustments related to transactions that are unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group’s performance ("*Other non-GAAP adjustments*").

€ millions	**H1 2023**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**H1 2023 Adjusted[2]**
Revenue	12,851	—	—	12,851
Cost of sales	(4,629)	5	17	(4,607)
GROSS PROFIT	**8,221**	**5**	**17**	**8,243**
% of revenue	*64.0%*			*64.1%*
Total operating expenses	**(6,389)**	**439**	**54**	**(5,896)**
OPERATING PROFIT	**1,832**	**444**	**71**	**2,347**
% of revenue	*14.3%*			*18.3%*
Cost of net debt and other *	(73)	(2)	—	(75)
PROFIT BEFORE TAXES	**1,759**	**442**	**71**	**2,272**
% of revenue	*13.7%*			*17.7%*
Income taxes	(322)	(91)	(121)	(534)
NET PROFIT	**1,437**	**352**	**(51)**	**1,739**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,361**	**345**	**(51)**	**1,655**

* Including *Other financial income/(expenses)* and *Share of profit of associates.*

The most significant Other non-GAAP adjustments of the first semester of 2023 resulted from:

- GrandVision integration (approximately €50 million), which includes the closing of Schiphol headquarter and restructuring projects in few other countries as well as the *strategic product reassortment* in the GrandVision store network. The related effects were recognized in *General and administrative* expenses (approximately €30 million), *Selling* and *Advertising and marketing* expenses (€6 million), and *Cost of sales* (€12 million);
- the settlement of a significant class action in the US (€19 million) whose effect was recognized in *General and administrative* expenses;
- positive effects resulting from the M&A activity for approximately €14 million, recognized in *Other income/(expenses)*; and
- the clarification of certain tax treatments leading to a positive effect recognized in the *Income taxes* line, following discussions with the relevant tax authorities (€111 million).

Adjusted[2] consolidated statement of profit or loss

€ millions	H1 2023 Adjusted [2]	H1 2022 Adjusted [2]	Change at constant exchange rates[1]	Change at current exchange rates
Revenue	12,851	11,994	8.2%	7.1%
Cost of sales	(4,607)	(4,265)	8.9%	8.0%
GROSS PROFIT	**8,243**	**7,729**	**7.9%**	**6.7%**
% of revenue	*64.1%*	*64.4%*		
Research and development	(169)	(158)	7.4%	6.9%
Selling	(3,724)	(3,461)	8.5%	7.6%
Royalties	(127)	(109)	17.8%	16.7%
Advertising and marketing	(828)	(812)	2.7%	1.9%
General and administrative	(1,050)	(985)	7.4%	6.7%
Other income/(expenses)	2	(3)	>100%	>100%
Total operating expenses	**(5,896)**	**(5,528)**	**7.5%**	**6.7%**
OPERATING PROFIT	**2,347**	**2,202**	**8.8%**	**6.6%**
% of revenue	*18.3%*	*18.4%*		
Cost of net debt and other *	(75)	(52)	43.4%	43.7%
PROFIT BEFORE TAXES	**2,272**	**2,150**	**8.0%**	**5.7%**
% of revenue	*17.7%*	*17.9%*		
Income taxes	(534)	(527)		
Effective tax rate	*23.5%*	*24.5%*		
NET PROFIT	**1,739**	**1,623**	**9.4%**	**7.1%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,655**	**1,548**	**9.0%**	**6.9%**

* Including *Other financial income/(expenses)* and *Share of profit of associates.*

Revenue for the semester totalled €12,851 million, an increase of 8.2% at constant exchange rates[1] (+7.1% at current exchange rates).

Adjusted[2] *Gross profit:* +7.9% at constant exchange rates[1] (+6.7% at current exchange rates)
Adjusted[2] *Gross profit* in the first semester of 2023 ended at €8,243 million, representing 64.1% of revenue. A key driver of the *Gross margin* dilution is foreign exchange. In addition, favorable price-mix and manufacturing efficiencies were broadly offset by higher insurance claim costs.

Adjusted[2] *Operating expenses:* +7.5% at constant exchange rates[1] (+6.7% at current exchange rates)
Adjusted[2] *Operating expenses* amounted to €5,896 million for the first semester of 2023, translating to 45.9% of revenue (46.1% in the first semester of 2022).

The main variances related to *Operating expenses* refer to:

- *Selling* expenses amounting to €3,724 million, an increase of 8.5% at constant exchange rates[1] compared to the first semester of 2022, the main driver of the cost increase is represented by the current inflationary trends, particularly on labor costs.
- *Advertising and marketing* expenses amounting to €828 million, increased of approximately 3% on a constant exchange rates[1] basis due to specific investments in the Group's eyecare initiative around the world and the support of new products launch like RayBan Reverse and Varilux XR.
- *General and administrative* expenses amounting to €1,050 million, an increase of 7.4% at constant exchange rates[1] compared to the same period of 2022, due to increased investments in the Group IT infrastructure and inflation impact on labor costs.

Adjusted[2] *Operating profit:* +8.8% at constant exchange rates[1] (+6.6% at current exchange rates)

The Group posted an adjusted[2] *Operating profit* of €2,347, representing 18.3% of revenue compared to 18.4% in the same period of 2022 (18.5% at constant exchange rates[1], an improvement of approximately 10 basis points compared to the first semester of 2022).

Adjusted[2] *Cost of net debt and other*

The adjusted[2] *Cost of net debt* slightly decreased compared to the first semester of 2022 due to a more efficient financing structure, counterbalanced by the negative effect resulting from transactions in foreign currencies.

Adjusted[2] *Income taxes*

EssilorLuxottica reported adjusted[2] *Income taxes* of €534 million, reflecting an adjusted[2] tax rate of 23.5% for the first semester of 2023 compared to the adjusted[2] tax rate in the same period of 2022 (24.5%).

Adjusted[2] *Net profit attributable to owners of the parent* up 9.0% at constant exchange rates[1] (+6.9% at current exchange rates)

Statement of financial position, net debt, cash flows and other non-GAAP measures

EssilorLuxottica reclassified consolidated statement of financial position

The reclassified consolidated statement of financial position aggregates the amount of assets and liabilities from the consolidated statement of financial position in accordance with functional criteria which considers the Group conventionally divided into the three fundamental areas focusing on resources investments, operations and financing.

€ millions	June 30, 2023	December 31, 2022
Goodwill	30,394	30,734
Intangible assets	11,555	12,122
Property, plant and equipment	4,867	4,747
Right-of-use assets	3,014	3,010
Investments in associates	82	83
Other non-current assets	833	817
Fixed Assets	**50,746**	**51,512**
Trade working capital	**3,656**	**3,189**
Employees benefits and provisions	**(1,033)**	**(1,016)**
Tax receivables/(payables)	(603)	(451)
Deferred tax assets/(liabilities)	(1,870)	(1,970)
Tax assets/(liabilities)	**(2,472)**	**(2,421)**
Other operating assets/(liabilities)	**(2,471)**	**(2,871)**
Assets / (liabilities) held for sale	**0**	**0**
NET INVESTED CAPITAL	**48,425**	**48,392**
EQUITY	**38,365**	**38,147**
NET DEBT	**10,060**	**10,246**

Fixed assets amount to €50,746 million and decreased by €766 million compared to December 31, 2022. The main variances in the categories of fixed assets are mentioned below.

i. *Goodwill*: goodwill decreased by €339 million, of which €434 million due to foreign currency fluctuations, partially offset by an increase of €95 million resulting from minor business combinations completed in the period.
ii. *Intangible assets*: the negative variance by €566 million is mainly driven by the amortization of the period, for €649 million (materially affected by the amortization resulting from the recognition of intangible assets following the purchase price allocation related to the EL Combination and GV Acquisition), and foreign currency fluctuations, for €93 million, partially offset by new additions for €162 million mainly related to licenses and software.
iii. *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the period amounts to €125 million. The additions of the period (capital expenditure, for approximately €521 million, as well as the recognition of new *Right-of use assets* in connection with lease contracts signed in the first semester of 2023, for €505 million) were counterbalanced by the depreciation and impairment of the period amounting to €814 million.

Trade working capital (i.e. the sum of inventories, trade receivables and trade payables) increased by €467 million compared to December 31, 2022, following, on one side, the growth trend experienced in the Professional Solutions segment and, on the other, the effects of foreign currency fluctuations.

Equity mainly increased for the net result attributable to owners of the parent (€1,361 million); its balance was also affected by the dividend distribution of the period that led to a decrease of €551 million, of which €487 million paid to EssilorLuxottica's shareholders who did not opt for the scrip dividend (see paragraph *Significant events of the period*) and €63 million distributed to minorities shareholders of the Group's subsidiaries. Share-based payments also affected the final balance (€72 million increase) as well as the net sale/(net purchase) of treasury shares (€19 million decrease).

Net debt decreased by €186 million compared to December 31, 2022 as illustrated in the dedicated paragraph.

Other non-GAAP measures

Other non-GAAP measures such as Net debt, Free Cash Flow, EBITDA and the ratio Net debt to EBITDA are also included in this document in order to:

- improve transparency for investors;
- assist investors in their assessment of the Group's operating performance and its ability to refinance its debt as it matures and incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Group's cost of debt;
- ensure that these measures are fully understood in light of how the Group evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

Those other non-GAAP measures are not meant to be considered in isolation or as a substitute for items appearing in EssilorLuxottica's condensed consolidated interim financial statements prepared in accordance with IFRS. Rather, these other non-GAAP measures should be used as a supplement to IFRS results to assist the reader in better understanding the operating performance of the Group. Moreover, investors should be aware that the Group's method of calculating those non-GAAP measures may differ from that used by other companies.

The following table provides a reconciliation of those non-GAAP measures to the most directly comparable IFRS financial measures.

€ millions	H1 2023	1H 2022
Net cash flow provided by operating activities [(a)]	2,176	2,144
Purchase of property, plant and equipment and intangible assets [(a)]	(751)	(768)
Cash payments for the principal portion of lease liabilities [(a)]	(471)	(469)
FREE CASH FLOW	**954**	**906**
Operating profit [(b)]	1,832	1,711
Depreciation, amortization and impairment [(a)]	1,463	1,433
EBITDA	**3,295**	**3,144**
NET DEBT [(c)]	**10,060**	**10,415**
NET DEBT/EBITDA LTM [(d)]	**1.6**	**1.8**

(a) As presented in the consolidated statement of cash flows.
(b) As presented in the consolidated statement of profit or loss.
(c) Net debt is presented in Note 14 – *Financial debt, including lease liabilities* of the Notes to the condensed consolidated interim financial statements. Its components are also reported in the *Net debt* paragraph below.
(d) EBITDA LTM = Last Twelve Months, equal to €6,278 million for the twelve-month period ended on June 30, 2023 and €5,649 million for the twelve-month period ended on June 30, 2022.

Net debt

Group *Net debt (excluding Lease liabilities)* amounted to €10,060 million at the end of June 2023, decreasing by €186 million compared to the position at the end of December 2022. Lease liabilities as of the end of June 2023 were broadly aligned with the balance at the end of 2022.

€ millions	June 30, 2023	December 31, 2022
Non-current borrowings	6,563	7,858
Current borrowings	2,008	1,164
TOTAL LIABILITIES	**8,571**	**9,022**
Short-term investments	(8)	—
Cash and cash equivalents	(1,688)	(1,960)
TOTAL ASSET	**(1,695)**	**(1,960)**
Interest Rate Swap measured at fair value	6	2
Foreign exchange derivatives at fair value	1	(1)
NET DEBT EXCLUDING LEASE LIABILITIES	**6,883**	**7,063**
Lease liabilities (current and non-current)	3,177	3,182
NET DEBT	**10,060**	**10,246**

Non-current borrowings decreased compared to December 31, 2022 due to the reclassification to current borrowings of the €1,3 billion Eurobonds due between January and April 2024. Current borrowings recorded a decrease of €1 billion due to the reimbursement of the Eurobond due in May 2023, offset by the reclassification mentioned above and by the issuance of Commercial Paper, mainly under the USCP program.

Reclassified consolidated statement of cash flows

The reclassified consolidated statement of cash flows reconciles the EBITDA to the net cash flow generated by the Group highlighting the cash flow derived from its operations (Free Cash Flow).

€ millions	H1 2023	H1 2022
EBITDA	**3,295**	**3,144**
Changes in trade working capital [(a)]	(548)	(355)
Capital expenditure	(751)	(768)
Lease payments (excluding interests) [(b)]	(471)	(469)
Other cash flow from operations	(571)	(646)
FREE CASH FLOW	**954**	**906**
Dividends paid	(551)	(519)
Acquisitions net of cash acquired	(75)	(800)
Other changes in equity	(25)	(340)
Other changes in financial and non-financial assets	(85)	16
Changes in borrowings (excluding FX)	(449)	997
NET CASH FLOW	**(230)**	**260**

(a) *Trade working capital* comprises inventories, trade receivables and trade payables.
(b) *Cash payments for the principal portion of lease liabilities* as presented in the consolidated statement of cash flows.

Capital expenditure cash-out amounted to €751 million, substantially in line with the corresponding period of the prior year and representing approx. 6% of the Group's revenue.

The line *Acquisition net of cash acquired* represents the net cash-out related to business combinations completed during the period, and, to a less extent, price supplements and/or deferred payments on acquisitions completed in prior years. In the first semester of 2022, the amount was significantly higher because of the acquisitions, among others, of Walman, SightGlass Vision and Fedon.

The line *Other changes in equity* includes, among the others, the effects of transactions with non-controlling interest as well as the cash-out related to the share buyback program (€19 million in the first semester 2023, €338 million in the corresponding period of 2022) compensated by the cash-in related to share capital increases and the exercise of stock options.

The flows reported in *Other changes in financial and non-financial assets* for the first semester of 2023 include the cash-out related to some financial investments in non-consolidated companies.

Finally, the line *Changes in borrowings (excluding FX)* was mainly affected by the movements described in the Net debt paragraph.

Acquisitions and partnerships

During the first half of 2023, EssilorLuxottica continued to purse its M&A strategy in selected businesses and geographies.

The main acquisitions concluded in the period concerned entities operating in the instrument business, as well as a start-up company working on the development of new products.

Mission and sustainability

Mission, OneSight EssilorLuxottica Foundation

Through the OneSight EssilorLuxottica Foundation, the Company continued to pursue its ambition to eliminate uncorrected poor vision in a generation throughout the first semester 2023. Since January over 5 million wearers have been equipped, more than 58 million people now have sustainable access to vision care through the 1,668 sustainable access points created.

A record number of employees signed up to the Foundation's newly launched "iVolunteer" program. "iVolunteer" offers employees the opportunity to volunteer at local vision screening events and, for the first time, offers employees the chance to participate in online skills-based project teams helping to accelerate Foundation initiatives and making volunteerism accessible for more employees.

Employee volunteers remain critical to the success of the Foundation's philanthropic programs which continue to be strong drivers of employee engagement. This year employee volunteer teams, including GrandVision employees, have supported large scale and impactful initiatives. This includes the Special Olympics Lions Club International "Opening Eyes" program in Berlin. Volunteers screened 2,965 specially-abled athletes and provided 1,363 pairs of glasses and protective eyewear as part of the Company's 20-year partnership with the Special Olympics supporting inclusive health.

Volunteers also supported a new partnership to establish an eye clinic in the Republic of Moldova assisting Ukrainian refugees. Together with the United Nations High Commissioner for Refugees (UNHCR), UNHCR Italy, the Ministry of Health of the Republic of Moldova, Ungheni City Hall, and the Low Vision NGO, the Foundation helped provide vision screenings and eye checks to 1,000 refugees, and dispensed glasses to those who needed them. The Foundation's collaboration with the UNHCR also reached Africa, where we screened refugees based in Zambia and Tanzania, in partnership with the Department of Health in South Africa.

Company brands continue to show their support for the Foundation including leveraging the star power of their ambassadors and influencers to raise awareness of good vision. In North America, Oakley athlete Diamond DeShields from the Dallas Wings Women's NBA team, attended a vision screening for young school students and shared her support for the Foundation and good vision on social media.

Making an impact on students remained integral to our global efforts, with multiple vision clinics and initiatives being set up in North America, Australia, China and India, increasing access for students to receive vision screenings and glasses if they need it.

Specifically in India, partnerships with the State Government of Goa and Karnataka to provide universal eye health to school students in those states have made great progress. The Foundation has also set out to improve access to vision care at existing healthcare touchpoints in the nation, with Eye Mitras being deployed to government-run Health and Wellness Centers (HWCs) in Odisha.

Since 2013, EssilorLuxottica has created sustainable access to vision care for over 643 million people in underserved communities, established more than 24,000 primary vision care access points and created more than 63 million wearers for the industry. The Group has organized or supported vision care projects for underserved communities in more than 120 countries till-date.

Sustainability, Eyes on The Planet

Continuing on its sustainability journey with the Eyes on the Planet program, EssilorLuxottica is currently focused on ensuring that sustainability is fully embraced by its entire ecosystem including employees, suppliers, partners and customers, through concrete actions that support each of the program's five strategic pillars: carbon, circularity, world sight, inclusion and ethics.

Here are some examples of the Group's sustainability initiatives rolled out in the first part of the year.

- EssilorLuxottica is on track to reach carbon neutrality in its Scope 1 & 2 emissions (direct operations) by 2025, starting in Europe in 2023, with Italy and France having already become carbon neutral at the end of 2021. To further support this journey, in March the Company signed a 12-year Corporate Power Purchase Agreement (PPA) with ERG in Italy for the supply of wind electricity. On-site photovoltaic

systems are also being implemented at the Group's sites to increase the proportion of renewable energy. Other initiatives to reduce EssilorLuxottica's carbon emissions already in place include continuous energy efficiency improvements, renewable energy supply, reducing waste and environmental criteria when selecting logistics suppliers or when building or renovating a facility or a store.

- EssilorLuxottica committed to the Science-Based Targets initiative (SBTi) in the first quarter of 2023. This represents another step forward in its long-term goal to address climate change by reducing the carbon footprint in its operations and value chain. As part of this commitment, the Company has started to update its 2021 carbon footprint assessment, to have a more accurate understanding of its direct and indirect CO2 impacts, including GrandVision.
- Held between April 17 and 21 to coincide with Earth Day, the second annual EssilorLuxottica Sustainability Week provided an opportunity to reiterate the Group's sustainability commitments within the organization as well as within its professional solutions network. Live events on the Leonardo learning platform highlighted the way the Company is bringing sustainable innovation and environmental awareness to the market. At the same time, climate change workshops at its facilities provided a platform for informative and open conversations on climate actions.
- As part of its commitment for safer roads, the Company celebrated a few important milestones in May and June: first, the announcement of a partnership with the United Nations Special Envoy for Road Safety and a joint awareness campaign which supports the UN's road safety targets; second, the launch by Group subsidiary, Shamir Optical, of Shamir Driver Intelligence - a game-changing solution providing optimal vision under any driving conditions; and third, the presence of EssilorLuxottica at the 24 Hours of Le Mans, France, with key brands including Persol, Essilor, Ray-Ban and Transitions, to raise awareness of the importance of good vision on the road.
- The Company's climate commitment is deeply intertwined with its circularity approach, leveraging its sustainable innovation expertise across the Group's products and services to meet the Company's environmental commitments on carbon and circularity. Starting in Italy, in the first half of the year, the Company introduced the Ray-Ban Repair & Renewal Station to expand the longevity of its products. First launched at Ray-Ban stores in Florence, Bologna, Milan and Turin from June to October, the Station engages consumers in the brand's culture of care, repair and renew as part of their in-store experience. An innovative service was also launched at its Salmoiraghi & Viganò stores in Italy to extend the life of collected eyewear by reusing them, when it is possible to give them a second life, or recycling them, when they can no longer be reused. This is another milestone in the retail brand's sustainability journey, which started with the introduction of the green last mile delivery and the responsible shipping option, a free service in partnership with the Group logistics providers.
- The global deployment of EssilorLuxottica's Group-wide sustainability strategy is also reflected in brand or business unit-specific sustainability programs, which support Eyes on the Planet's five pillars. One recent example is Satisloh's roll-out of its new, long-term sustainability strategy that expands beyond products and services to contribute to the Group's ambition of making EssilorLuxottica a leader on sustainability.
- The Company's inclusive learning culture was further strengthened in June through a partnership with Harvard Business Publishing, further establishing Leonardo as a leading destination for learning across the industry. Since its launch, Leonardo has delivered almost four million hours of education, including the Eyes on the Planet learning path.

Sustainability in all its facets is a deep responsibility and part of EssilorLuxottica's identity. To this regard, during the first half, different Eyes on the Planet awareness campaigns were launched worldwide, on all corporate communications channels, such as on the occasion of International Women's Day, Earth Day, Vision on the Road, Oceans Day and Pride.

All of these initiatives – and the many more currently underway – are helping drive positive impact, in terms of environmental awareness, employee well-being and socio-economic development in the communities where EssilorLuxottica operates.

Subsequent events

EssilorLuxottica to expand into the hearing solutions market with a new disruptive technology at the intersection of sight and sound

On July 25, 2023, EssilorLuxottica announced that it will expand into the hearing solutions market. With a dedicated Super Audio team, in-house R&D resources and enabled by its 100% acquisition of Israeli startup Nuance, the Group will introduce a new breakthrough hearing technology to benefit the 1.25 billion consumers suffering from mild to moderate hearing loss[a].

Similar to vision care, the hearing solutions market is underpenetrated for a number of reasons, from the visibility of traditional hearing aids, to discomfort and price. According to research[b], globally there is an 83% service gap. The Group's Super Audio team is working on its first product to shift that paradigm, embedding a high-quality hearing technology into fashionable eyeglasses seamlessly, expected to launch in the second half of 2024. The audio component will be completely invisible, removing a psychological barrier that has historically stood in the way of consumer adoption of traditional hearing aids.

As part of its open business model, EssilorLuxottica will leverage traditional hearing aid channels as well as select optical wholesale customers, to make this technology accessible to consumers in 150 countries. The Company will also engage its retail network to support the new category and expand its reach across the world.

[a] World Health Organization, *World Report on Hearing*, 2021, page 40
[b] World Health Organization, *World Report on Hearing*, 2021, page 178 fig. 3.9a

Outlook

The Company confirms its target of mid-single-digit annual revenue growth from 2022 to 2026 at constant exchange rates[1] (based on 2021 *pro forma*[4] revenue) and expects to achieve an adjusted[2] operating profit as a percentage of revenue in the range of 19-20% by the end of that period.

Notes

1 Constant exchange rates: figures at constant exchange rates have been calculated using the average exchange rates in effect for the corresponding period in the relevant comparative year.

2 Adjusted measures or figures: adjusted from the expenses or income related to the combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, and other transactions that are unusual, infrequent or unrelated to the normal course of business as the impact of these events might affect the understanding of the Group's performance. A description of those other transactions that are unusual, infrequent or unrelated to the normal course of business is provided in the half-year and year-end disclosure (see dedicated paragraph *Adjusted measures*).

3 Comparable-store sales: reflect, for comparison purposes, the change in sales from one period to another by taking into account in the more recent period only those stores already open during the comparable prior period. For each geographic area, the calculation applies the average exchange rate of the prior period to both periods.

4 Comparable or *pro forma* (revenue): comparable revenue includes, for 2021, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021. Comparable revenue has been prepared for illustrative purpose only with the aim to provide meaningful comparable information.

5 Free Cash Flow: *Net cash flow provided by operating activities* less the sum of *Purchase of property, plant and equipment and intangible assets* and *Cash payments for the principal portion of lease liabilities* according to the IFRS consolidated statement of cash flow.

6 Net debt: sum of *Current* and *Non-current borrowings*, *Current* and *Non-current lease liabilities*, minus *Short-term investments*, *Cash and cash equivalents,* the *Interest Rate Swap measured at fair value* and *Foreign exchange derivatives at fair value* as disclosed in the IFRS consolidated financial statements.

Appendix - Excerpts from the Condensed Consolidated Interim Financial Statements

Consolidated statement of profit or loss

€ millions	First semester 2023	First semester 2022
Revenue	12,851	11,994
Cost of sales	(4,629)	(4,278)
GROSS PROFIT	**8,221**	**7,716**
Research and development	(300)	(286)
Selling	(3,987)	(3,731)
Royalties	(127)	(109)
Advertising and marketing	(881)	(867)
General and administrative	(1,110)	(1,022)
Other income/(expenses)	15	10
Total operating expenses	**(6,389)**	**(6,006)**
OPERATING PROFIT	**1,832**	**1,711**
Cost of net debt	(60)	(65)
Other financial income/(expenses)	(12)	10
Share of profits of associates	(1)	6
PROFIT BEFORE TAXES	**1,759**	**1,661**
Income taxes	(322)	(424)
NET PROFIT	**1,437**	**1,237**
of which attributable to:		
• owners of the parent	1,361	1,174
• non-controlling interests	77	64
Weighted average number of shares outstanding:		
• basic	445,293,176	440,101,686
• diluted	449,168,702	444,107,551
Earnings per share (EPS) for net profit attributable to owners of the parent (*in euro*):		
• basic	3.06	2.67
• diluted	3.03	2.64

Consolidated statement of financial position

Assets

€ millions	June 30, 2023	December 31, 2022
Goodwill	30,394	30,734
Intangible assets	11,555	12,122
Property, plant and equipment	4,867	4,747
Right-of-use assets	3,014	3,010
Investments in associates	82	83
Other non-current assets	833	817
Deferred tax assets	417	408
TOTAL NON-CURRENT ASSETS	**51,162**	**51,920**
Inventories	2,916	2,789
Trade receivables	3,013	2,697
Tax receivables	263	259
Other current assets	1,184	936
Cash and cash equivalents	1,688	1,960
TOTAL CURRENT ASSETS	**9,063**	**8,641**
TOTAL ASSETS	**60,225**	**60,561**

Consolidated statement of financial position

Equity and liabilities

€ millions	June 30, 2023	December 31, 2022
Share capital	82	81
Share premium reserve	22,850	23,066
Treasury shares reserve	(372)	(360)
Other reserves	13,802	12,516
Net profit attributable to owners of the parent	1,361	2,152
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**37,722**	**37,455**
Equity attributable to non-controlling interests	642	692
TOTAL EQUITY	**38,365**	**38,147**
Non-current borrowings	6,563	7,858
Non-current lease liabilities	2,336	2,336
Employee benefits	423	431
Non-current provisions	271	302
Other non-current liabilities	88	221
Deferred tax liabilities	2,287	2,377
TOTAL NON-CURRENT LIABILITIES	**11,967**	**13,525**
Current borrowings	2,008	1,164
Current lease liabilities	840	846
Trade payables	2,273	2,297
Tax payables	865	711
Current provisions	339	283
Other current liabilities	3,567	3,587
TOTAL CURRENT LIABILITIES	**9,893**	**8,888**
TOTAL EQUITY AND LIABILITIES	**60,225**	**60,561**

Consolidated statement of cash flows

€ millions	First semester 2023	First semester 2022
NET PROFIT	**1,437**	**1,237**
Depreciation, amortization and impairment	1,463	1,433
(Gains)/losses from disposal of assets	2	1
Expense arising from share-based payments	72	71
Income taxes	322	424
Finance result, net	72	55
Other non-cash items	(11)	(17)
Changes in provisions	41	(29)
Changes in trade working capital	(548)	(355)
Changes in other operating receivables and payables	(343)	(336)
Taxes paid, net	(239)	(250)
Interest paid, net	(92)	(90)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	**2,176**	**2,144**
Purchase of property, plant and equipment and intangible assets	(751)	(768)
Disposal of property, plant and equipment and intangible assets	3	9
Acquisitions of businesses, net of cash acquired	(75)	(800)
Changes in other non-financial assets	3	69
Changes in other financial assets	(91)	(63)
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	**(911)**	**(1,553)**
Share capital increase	2	3
(Purchase)/sale of treasury shares	(1)	(338)
Dividends paid:	(551)	(519)
• to the owners of the parent	(487)	(454)
• to non-controlling interests	(63)	(64)
Transactions with non-controlling interests	(25)	(5)
Cash payments for principal portion of lease liabilities	(471)	(469)
Issuance of bonds, private placements and other long-term debts	—	—
Repayment of bonds, private placements and other long-term debts	(1,000)	(453)
Changes in other current and non-current borrowings	551	1,451
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES	**(1,496)**	**(330)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(230)**	**260**
Cash and cash equivalents at the beginning of the financial year	1,960	3,293
Effects of exchange rate changes on cash and cash equivalents	(42)	192
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,688**	**3,745**

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As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

Consolidated statement of profit or loss

€ millions	Notes	First semester 2023	First semester 2022
Revenue	4	12,851	11,994
Cost of sales		(4,629)	(4,278)
GROSS PROFIT		**8,221**	**7,716**
Research and development		(300)	(286)
Selling		(3,987)	(3,731)
Royalties		(127)	(109)
Advertising and marketing		(881)	(867)
General and administrative		(1,110)	(1,022)
Other income/(expenses)	5	15	10
Total operating expenses		**(6,389)**	**(6,006)**
OPERATING PROFIT		**1,832**	**1,711**
Cost of net debt	6	(60)	(65)
Other financial income/(expenses)	6	(12)	10
Share of profits of associates		(1)	6
PROFIT BEFORE TAXES		**1,759**	**1,661**
Income taxes	7	(322)	(424)
NET PROFIT		**1,437**	**1,237**
of which attributable to:			
• owners of the parent		1,361	1,174
• non-controlling interests		77	64
Weighted average number of shares outstanding:	8		
• basic		445,293,176	440,101,686
• diluted		449,168,702	444,107,551
Earnings per share (EPS) for net profit attributable to owners of the parent (*in euro*):	8		
• basic		3.06	2.67
• diluted		3.03	2.64

Consolidated statement of comprehensive income

€ millions	First semester 2023	First semester 2022
NET PROFIT	**1,437**	**1,237**
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	(1)	6
Net investment hedges	—	—
Foreign currency translation differences	(701)	2,218
Related tax effect	(0)	(2)
TOTAL ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**(703)**	**2,222**
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on employee benefits	4	105
Equity investments at FVOCI – net change in fair value	(28)	(36)
Related tax effect	5	(21)
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**(19)**	**49**
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**(722)**	**2,271**
TOTAL COMPREHENSIVE INCOME	**715**	**3,509**
Total comprehensive income attributable to:		
• owners of the parent	678	3,432
• non-controlling interests	37	77

Consolidated statement of financial position

Assets

€ millions	Notes	June 30, 2023	December 31, 2022
Goodwill	9	30,394	30,734
Intangible assets	9	11,555	12,122
Property, plant and equipment	10	4,867	4,747
Right-of-use assets	10	3,014	3,010
Investments in associates		82	83
Other non-current assets	11	833	817
Deferred tax assets		417	408
TOTAL NON-CURRENT ASSETS		**51,162**	**51,920**
Inventories		2,916	2,789
Trade receivables		3,013	2,697
Tax receivables		263	259
Other current assets	11	1,184	936
Cash and cash equivalents	12	1,688	1,960
TOTAL CURRENT ASSETS		**9,063**	**8,641**
TOTAL ASSETS		**60,225**	**60,561**

Consolidated statement of financial position

Equity and liabilities

€ millions	Notes	June 30, 2023	December 31, 2022
Share capital	13	82	81
Share premium reserve	13	22,850	23,066
Treasury shares reserve	13	(372)	(360)
Other reserves	13	13,802	12,516
Net profit attributable to owners of the parent		1,361	2,152
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**37,722**	**37,455**
Equity attributable to non-controlling interests	13	642	692
TOTAL EQUITY		**38,365**	**38,147**
Non-current borrowings	14	6,563	7,858
Non-current lease liabilities	14	2,336	2,336
Employee benefits		423	431
Non-current provisions	15	271	302
Other non-current liabilities	16	88	221
Deferred tax liabilities		2,287	2,377
TOTAL NON-CURRENT LIABILITIES		**11,967**	**13,525**
Current borrowings	14	2,008	1,164
Current lease liabilities	14	840	846
Trade payables		2,273	2,297
Tax payables		865	711
Current provisions	15	339	283
Other current liabilities	16	3,567	3,587
TOTAL CURRENT LIABILITIES		**9,893**	**8,888**
TOTAL EQUITY AND LIABILITIES		**60,225**	**60,561**

Consolidated statement of changes in equity

First semester 2022

€ millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT JANUARY 1, 2022	**80**	**22,381**	**(231)**	**139**	**11,248**	**1,448**	**35,064**	**811**	**35,875**
Total comprehensive income for the period	**—**	**—**	**—**	**2,206**	**51**	**1,174**	**3,432**	**77**	**3,509**
Changes in consolidation scope and NCI	—	—	—	—	43	—	43	(38)	5
Acquisition of subsidiary with NCI	—	—	—	—	*(0)*	—	*(0)*	*1*	*1*
Acquisition of NCI without a change in control	—	—	—	—	*1*	—	*1*	*(3)*	*(1)*
Other changes related to NCI	—	—	—	—	*42*	—	*42*	*(37)*	*5*
Shares delivered to employees and exercise of stock options	0	2	3	—	(1)	—	3	—	3
Share-based payments	—	—	—	—	70	—	70	—	70
Net sale/(net purchase) of treasury shares	—	—	(338)	—	—	—	(338)	—	(338)
Allocation of net profit	—	—	—	—	1,448	(1,448)	—	—	—
Dividends paid	1	648	—	—	(1,104)	—	(454)	(62)	(516)
EQUITY AT JUNE 30, 2022	**81**	**23,031**	**(567)**	**2,345**	**11,755**	**1,174**	**37,819**	**788**	**38,606**

Consolidated statement of changes in equity

First semester 2023

€ millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT JANUARY 1, 2023	**81**	**23,066**	**(360)**	**1,230**	**11,286**	**2,152**	**37,455**	**692**	**38,147**
Total comprehensive income for the period	**—**	**—**	**—**	**(661)**	**(22)**	**1,361**	**678**	**37**	**715**
Changes in consolidation scope and NCI	—	—	—	—	(41)	—	(41)	(24)	(64)
Acquisition of subsidiary with NCI	—	—	—	—	—	—	—	—	—
Acquisition of NCI without a change in control	—	—	—	—	*(8)*	—	*(8)*	*(0)*	*(8)*
Other changes related to NCI	—	—	—	—	*(33)*	—	*(33)*	*(23)*	*(56)*
Hyperinflation Accounting (IAS 29)	—	—	—	—	59	—	59	—	59
Shares delivered to employees and exercise of stock options	0	2	7	—	(3)	—	6	—	6
Share-based payments	—	—	—	—	72	—	72	—	72
Net sale/(net purchase) of treasury shares	—	—	(19)	—	—	—	(19)	—	(19)
Allocation of net profit	—	—	—	—	2,152	(2,152)	—	—	—
Dividend paid	1	(218)	—	—	(271)	—	(487)	(63)	(551)
EQUITY AT JUNE 30, 2023	**82**	**22,850**	**(372)**	**569**	**13,233**	**1,361**	**37,722**	**642**	**38,365**

Consolidated statement of cash flows

€ millions	Notes	First semester 2023	First semester 2022
NET PROFIT		**1,437**	**1,237**
Depreciation, amortization and impairment	5	1,463	1,433
(Gains)/losses from disposal of assets		2	1
Expense arising from share-based payments		72	71
Income taxes	7	322	424
Finance result, net	6	72	55
Other non-cash items		(11)	(17)
Changes in provisions		41	(29)
Changes in trade working capital		(548)	(355)
Changes in other operating receivables and payables		(343)	(336)
Taxes paid, net		(239)	(250)
Interest paid, net		(92)	(90)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES		**2,176**	**2,144**
Purchase of property, plant and equipment and intangible assets		(751)	(768)
Disposal of property, plant and equipment and intangible assets		3	9
Acquisitions of businesses, net of cash acquired		(75)	(800)
Changes in other non-financial assets		3	69
Changes in other financial assets		(91)	(63)
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(911)**	**(1,553)**
Share capital increase	13	2	3
(Purchase)/sale of treasury shares	13	(1)	(338)
Dividends paid:		(551)	(519)
• to the owners of the parent	13	(487)	(454)
• to non-controlling interests	13	(63)	(64)
Transactions with non-controlling interests		(25)	(5)
Cash payments for principal portion of lease liabilities	14	(471)	(469)
Issuance of bonds, private placements and other long-term debts	14	—	—
Repayment of bonds, private placements and other long-term debts	14	(1,000)	(453)
Changes in other current and non-current borrowings	14	551	1,451
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**(1,496)**	**(330)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(230)**	**260**
Cash and cash equivalents at the beginning of the financial year	12	1,960	3,293
Effects of exchange rate changes on cash and cash equivalents		(42)	192
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**12**	**1,688**	**3,745**

Notes to the Condensed Consolidated Interim Financial Statements

General information

EssilorLuxottica SA (hereinafter the “Company”, “EssilorLuxottica” or, together with its subsidiaries, the “Group”) is a public limited company (“Société Anonyme”) with a Board of Directors and is governed by the laws of France. The Company is headquartered in Paris, 1-5 rue Paul Cézanne, while its registered office is located in Charenton-le-Pont, 147 rue de Paris (France). EssilorLuxottica is registered with the Créteil Trade and Companies Register under reference 712 049 618, and is listed on the Euronext Paris stock exchange.

The Group is consolidated in the accounts of Delfin S.à r.l., a private limited liability company incorporated under the laws of Luxembourg.

As an open network, the Group offers its industry stakeholders in over 150 countries access to a global platform of high-quality vision care products, iconic brands, as well as cutting-edge digital services and solutions.

These condensed consolidated interim financial statements are prepared under the responsibility of the Board of Directors. They were approved and authorized for issue by the Board of Directors on July 25, 2023.

Basis of preparation of the financial statements

Pursuant to the European Regulation No. 1606/2002 of July 19, 2002, the condensed consolidated interim financial statements for the six-month period ended June 30, 2023 have been prepared in accordance with the International Financial Reporting Standards (hereinafter also "IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and in particular in accordance with IAS 34 – *Interim Financial Reporting.* They do not include all the information required in annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended December 31, 2022.

The principles and standards utilized in preparing these condensed consolidated interim financial statements are the same applied in the preparation of the consolidated financial statements for the year ended December 31, 2022, with the exception of the principle applied for the recognition of income tax expenses (recognized based on the best estimate of the effective income tax rate expected for the full financial year) and the application of new standards and interpretations that are effective for reporting periods beginning on January 1, 2023 (see Note 1 – New accounting standards).

The Group’s presentation currency is the euro. All amounts are expressed in millions of euro, unless otherwise specified. Certain numerical figures contained in this document, including financial information and certain operating data, have been subject to rounding adjustments.

The preparation of financial statements requires management’s use of estimates and assumptions that may affect the reported amounts of assets, liabilities, income and expenses in the financial statements, as well as the disclosures in the notes concerning contingent assets and liabilities at the balance sheet date.

Estimates are based on historical experience and other factors. The resulting accounting estimates could differ from the related actual results. Estimates are periodically reviewed and the effects of each change are reflected in the consolidated statement of profit or loss or in the consolidated statement of comprehensive income in the period in which the change occurs.

The areas requiring significant judgement by management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same than those described in the last annual consolidated financial statements.

Hyperinflation in Turkey

Turkey's economy has been considered hyperinflationary since April 1, 2022. Therefore, IAS 29 – *Financial Reporting in Hyperinflationary Economies* had become applicable to the Group's operations in Turkey as from January 1, 2022 as if Turkey had always been a hyperinflationary economy.

The impacts recognized in the Group's condensed consolidated interim financial statements, mainly related to Turkish intangible assets recognized in the context of the acquisition of GrandVision ("GV Acquisition") and the related goodwill allocated to Turkish operations, resulted in a €59 million increase in the Group's consolidated equity and a non-material impact on the statement of profit or loss for the period ended June 30, 2023. Those impacts were calculated based on the change in the Consumer Price Index published by the *Turkish Statistical Institute*.

Climate and environmental risks

Due to the nature of the Group's activities, the current Group's exposure to the consequences of climate change is deemed to be limited. Nonetheless, EssilorLuxottica pays high vigilance to climate events and prepares comprehensive adaptation measures to ensure business continuity. In 2023, the Group continues to deliver its approach to sustainability, titled *Eyes on the Planet*, which is built around, among the others, the following pillars:

- *Eyes on Carbon*: EssilorLuxottica is on track to achieve carbon neutrality in its direct operations (scopes 1 and 2) by 2025, with a milestone set for Europe by 2023, starting from Italy and France already carbon neutral in 2021. In the first semester 2023, the Group announced its commitment to setting near-term science-based emission reduction targets in line with the SBTi criteria and the 12-year Power Purchase Agreement with ERG (entered into force at the end of 2022) for the supply of electricity produced from a repowered wind farm in Sicily - covering half of the Group's energy needs in Italy; and
- *Eyes on Circularity*: EssilorLuxottica is reassessing its production cycle, including a shift from fossil-based materials to bio-based materials, internal recycling initiatives, recycling collaborations and circularity of its packaging materials. In addition, the Company's retail stores are becoming central in encouraging consumers to extend the product life via in-store repair service or to bring back used eyewear so it can start a new journey.

The deployment of these initiatives continues to be reflected into the Group's accounts in the form of operating expenses and investments accounted for during the course of the period as well as in the commitments disclosed by the Group, and it has been taken into account, when necessary, in the estimations used by management in the preparation of these condensed consolidated interim financial statements.

Significant events of the period

The significant events of the period considered in the preparation of these condensed consolidated interim financial statements result from the evolution of situations existing and or announced in 2022.

- In September 2022, EssilorLuxottica and the Armani Group announced the renewal of their licensing for the development, production and worldwide distribution of eyewear under the Giorgio Armani, Giorgio Armani Privé, Emporio Armani, EA7 Emporio Armani and A|X Armani Exchange brands. The new agreement became effective on January 1, 2023 for 15 years. The payments made in execution of the agreement were processed in February 2023 and the related assets have been recognized in the consolidated statement of financial position (see Note 9 – Goodwill and other intangible assets and Note 11 – Other current and non-current assets). The cash-out related to this transaction is reflected in the consolidated statement of cash flows in the lines *Changes in other operating receivables and payables* and *Purchase of property, plant and equipment and intangible assets*.
- In November 2022, EssilorLuxottica acknowledged the decision published by the French Competition Authority ("FCA") related to an investigation opened in 2014 as well as the related penalty of €81 million imposed on Essilor International for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses. On February 15, 2023, the Group transferred €81 million to the French Authorities as a deposit pending the decision on appeal against the penalty imposed to Essilor International (see Note 11 – Other current and non-current assets and Note 18 – Contingencies and commitments). The related cash-out has been reflected in the consolidated statement of cash flows in the line *Changes in other operating receivables and payables.*
- In the first semester 2023, the Group has worked, in collaboration with the relevant tax authorities, on the clarification of certain tax treatments for which an *uncertain tax position* was reflected in the consolidated statement of financial position at the end of 2022. In light of the outcome of the discussions occurred with the tax authorities, the *uncertain tax position* was re-assessed as of June 30, 2023 leading to the recognition of a significant tax benefit (see Note 7 – Income taxes).

No other significant and unusual events occurred over the period.

Note 1 New accounting standards

1.1. New endorsed standards, amendments and interpretations that are effective for annual periods beginning on January 1, 2023

The Group adopted the following new standard and amendments endorsed by the European Union and effective for annual periods beginning on January 1, 2023:

– IFRS 17 – *Insurance Contracts* (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020), both endorsed on November 19, 2021 and effective from annual periods beginning on January 1, 2023. The application of the new standard has not materially affected the Group's performance nor its financial positions, except for the presentation of some insurance-related assets and liabilities (now presented *net* compared to the *gross* presentation shown in the statement of financial position).

– Amendments to IAS 1 – *Presentation of Financial Statements* and IFRS Practice Statement 2 (disclosure of accounting policies) and Amendments to IAS 8 – *Accounting policies, Changes in Accounting Estimates and Errors* (definition of accounting estimates), both issued on February 12, 2021, endorsed on March 2, 2022 and effective from annual periods beginning on January 1, 2023. There is no material impact on the Group consolidated financial statements.

– Amendments to IAS 12 – *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued on May 7, 2021, endorsed on August 11, 2022 and effective from annual periods beginning on January 1, 2023. The impacts of the application of this amendment on the Group's consolidated financial statements are currently being analysed but the Group does not anticipate any material effect.

On May 23, 2023, the IASB issued the Amendments to IAS 12 – *Income Taxes*: International Tax Reform – Pillar Two Model Rules, effective immediately and for annual periods beginning on January 1, 2023. The amendments introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes (see Note 7 – Income Taxes) and targeted disclosure requirements for affected entities. The amendments are expected to be endorsed by the European Union by the end of 2023.

1.2. New endorsed standards, amendments and interpretations effective for annual periods beginning after January 1, 2023 and not yet adopted by the Group

There are no new standards and amendments effective for annual periods beginning after January 1, 2023 that have already been endorsed by the European Union.

Note 2 Business combinations

The table below shows the total impact of the business combinations accounted for in the period on the consolidated statement of financial position as of June 30, 2023, as well as on the consolidated statement of profit or loss and the consolidated statement of cash flows for the first semester 2023.

€ millions	**Total**
TOTAL ASSETS ACQUIRED AT FAIR VALUE (A)	**15**
TOTAL LIABILITIES ASSUMED AT FAIR VALUE (B)	**6**
FAIR VALUE OF NET ASSETS ACQUIRED (C=A-B)	**9**
Consideration for the acquisitions (D)	112
Equity attributable to non-controlling interests (E)	0
Fair value of net assets acquired (C)	9
GOODWILL RECOGNIZED (F=D+E-C)	**103**
Consideration for the acquisitions (D)	(112)
Deferred payments and fair value measurement (G)	42
Acquired cash (H)	2
CASH FLOW FROM THE ACQUISITIONS, NET OF CASH ACQUIRED (I=D+G+H)	**(69)**
CONTRIBUTION TO 2023 INTERIM CONSOLIDATED REVENUE	**6**
CONTRIBUTION TO 2023 INTERIM NET PROFIT	**0**

The fair value of the assets and liabilities taken over companies acquired during the period is calculated on a provisional basis for certain acquisitions concluded on the year and may be reviewed at a later date no later than 12 months after the acquisition date. Any material difference resulting from this final valuation will be accounted for as a retrospective adjustment to goodwill if it is recognized within 12 months of the acquisition date and relating to events existing at the acquisition date. No material differences arose from business combinations occurred in 2022.

The amount recognized as *Goodwill* is not tax deductible (except in few circumstances) and primarily reflects the expected synergies and growth outlook of the acquired companies within the Group.

The amount reported above in the line *Cash flow from the acquisitions, net of cash acquired* does not include cash flows related to earn-out on business combinations occurred in previous periods nor cash flows linked to the exercise of put options over non-controlling interests.

On an unaudited *pro forma* basis, had those business combinations occurred at the beginning of the year, revenue and net profit contributed by the acquisitions to the consolidated statement of profit or loss for the six-month period ended June 30, 2023 would have been, respectively, €10 million and €0.5 million.

The main acquisitions concluded in the period concerned entities operating in the instrument business, as well as a start-up company working on the development of new products.

Note 3 Segment information

3.1. Information by segment

In accordance with IFRS 8 - *Operating Segments*, the Group's segment information is presented in line with the information provided internally to the Chief Executive Officer in his role of Chief Operating Decision Makers ("CODM"), for the purpose of managing operations, taking decisions and analysing operational performance.

Such information is prepared in accordance with the IFRS applied by the Group in its consolidated financial statements. Assets and liabilities by operating segment are not included in the data reviewed by the CODM and so this information is not reported.

The Group operates in two segments:

– the **Professional Solutions** (“PS”) segment: representing the wholesale business of the Group, i.e. the supply of Group's products and services to independent opticians, distributors, third-party e-commerce platforms and large retail chains operating in the eyecare and eyewear industry; and

– the **Direct to Consumer** (“DTC”) segment: representing the retail business of the Group, i.e. the supply of Group products and services directly to the end consumer either through the network of physical stores operated by the Group (brick and mortar) or the online channel (e-commerce).

Information about other Group’s activities that are not reportable has been combined and disclosed in the *“Corporate costs and other”* category. It mainly refers to the costs related to corporate headquarters as well as to the amortization of intangible assets acquired in business combinations as the impact of those costs are not included in the profitability measures used by the Chief Executive Officer, in his role of CODM, for the purposes of making decisions about allocating resources to segments and assessing their performance.

Information by operating segment for the six-month period ended June 30, 2023 as well as information by operating segment for the six-month period ended June 30, 2022 is presented below.

First semester 2023

€ millions	Professional Solutions	Direct to Consumer	Corporate costs and other	First semester 2023
Revenue	**6,234**	**6,616**	**—**	**12,851**
Operating profit before amortization of intangible assets acquired in business combinations [(a)]	**1,388**	**1,143**	**(175)**	**2,355**
Amortization of intangible assets acquired in business combinations				(523)
OPERATING PROFIT				**1,832**
Cost of net debt				(60)
Other financial income/(expenses)				(12)
Share of profits (loss) of associates				(1)
Income taxes				(322)
NET PROFIT				**1,437**
Acquisitions of property, plant and equipment and intangible assets	427	248	8	683
Amortization, depreciation and impairment	(280)	(628)	(555)	(1,463)

(a) The Operating profit of the *Professional Solutions* segment is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the *Direct to Consumer* segment. The Operating profit of the *Direct to Consumer* segment is related to retail revenue, considering the cost of goods acquired from the *Professional Solutions* segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue.

First semester 2022

€ millions	Professional Solutions	Direct to Consumer	Corporate costs and other	First semester 2022
Revenue	**5,837**	**6,157**	**—**	**11,994**
Operating profit before amortization of intangible assets acquired in business combinations [(a)]	**1,290**	**1,091**	**(156)**	**2,225**
Amortization of intangible assets acquired in business combinations				(514)
OPERATING PROFIT				**1,711**
Cost of net debt				(65)
Other financial income/(expenses)				10
Share of profits (loss) of associates				6
Income taxes				(424)
NET PROFIT				**1,237**
Acquisitions of property, plant and equipment and intangible assets	338	262	8	609
Amortization, depreciation and impairment	(270)	(619)	(544)	(1,433)

(a) The Operating profit of the *Professional Solutions* segment is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the *Direct to Consumer* segment. The Operating profit of the *Direct to Consumer* segment is related to retail revenue, considering the cost of goods acquired from the *Professional Solutions* segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue.

3.2. Information by geographical area

The geographic segments include **North America**, **EMEA** (i.e. Europe Middle East Africa, including Turkey and Russia), **Asia-Pacific** and **Latin America**.

Revenue is attributed to geographical area based on customers' location.

Information by geographical area is as follows:

€ millions	First semester 2023	First semester 2022
North America	5,888	5,591
EMEA	4,717	4,401
Asia-Pacific	1,519	1,351
Latin America	727	650
REVENUE	**12,851**	**11,994**

The main countries in which the Group operated are the United States for North America (revenue amounting to €5,529 million for the six-month period ended June 30, 2023, €5,229 million in the first semester of 2022) and France, Italy, the United Kingdom and Ireland for EMEA (cumulated revenue amounting to €2,118 million for the six-month period ended June 30, 2023, €2,003 million in the first semester of 2022).

Note 4 Revenue

The breakdown of revenue by category is as follows:

€ millions	First semester 2023	First semester 2022
Sales of products	11,849	11,128
Managed vision care	767	653
Eye-exam and related professional fees	144	123
Income from franchisee royalties	76	75
Sub-lease income	15	16
REVENUE	**12,851**	**11,994**

The reconciliation between the breakdown by category of the Group's revenue and its two operating segments for the six-month period ended June 30, 2023 is as follows:

€ millions	Professional Solutions	Direct to Consumer	First semester 2023
Sales of products	6,234	5,615	11,849
Managed vision care	—	767	767
Eye-exam and related professional fees	—	144	144
Income from franchisee royalties	—	76	76
Sub-lease income	—	15	15
REVENUE	**6,234**	**6,616**	**12,851**

The reconciliation between the breakdown by category of the Group's revenue and its two operating segments for the six-month period ended June 30, 2022 is as follows:

€ millions	Professional Solutions	Direct to Consumer	First semester 2022
Sales of products	5,837	5,292	11,128
Managed vision care	—	653	653
Eye-exam and related professional fees	—	123	123
Income from franchisee royalties	—	75	75
Sub-lease income	—	16	16
REVENUE	**5,837**	**6,157**	**11,994**

For information on contract assets and contract liabilities, see Notes 11 – Other current and non-current assets and Note 16 – Other current and non-current liabilities.

Note 5 Operating income and expenses

5.1. Depreciation, amortization and impairment loss

For the six-month period ended June 30, 2023, the depreciation, amortization and impairment loss of property, plant and equipment, intangible assets and right-of-use assets amount to €1,463 million (€1,433 million for the first semester of 2022).

5.2. Leases

Depreciation and rent expenses related to leases recognized within the *Operating profit* are as follows:

€ millions	First semester 2023	First semester 2022
Depreciation expenses on right-of-use assets	(460)	(451)
Rent expenses – short term leases	(7)	(7)
Rent expenses – low value leases	(13)	(13)
Rent expenses – variable leases payments [(a)]	(294)	(267)
TOTAL AMOUNTS RECOGNIZED IN *OPERATING PROFIT*	**(774)**	**(738)**

(a) Including negative variable payments resulting from COVID-19 rent concessions in the first semester 2022 only.

5.3. Personnel costs and share-based payments

Personnel costs amount to €4,085 million (€3,799 million for the first semester of 2022) including €79 million related to share-based payment expenses (€70 million for the first semester 2022).

The number of employees as of the end of the reporting period is as follows:

Number of employees at closing date	June 30, 2023	December 31, 2022
North America	44,103	43,741
EMEA	71,736	72,273
Asia-Pacific	51,109	49,790
Latin America	24,196	23,984
TOTAL NUMBER OF EMPLOYEES	**191,144**	**189,788**

5.4. Other income and expenses

Other operating income and expenses are as follows:

€ millions	First semester 2023	First semester 2022
Capital gains/(losses) on disposals of operations and assets	(0)	(1)
Other	16	11
OTHER INCOME/(EXPENSES)	**15**	**10**

The line *Other* reported in the table above mainly includes an other income resulting from the Group's M&A activities (such as earn-out reassessments) for approximately €14 million (an income of approximately €7 million in the first semester 2022 resulting from the divestment of the European businesses as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition).

Note 6 Financial income and expenses

Financial income and expenses are as follows:

€ millions	First semester 2023	First semester 2022
Interest on debt and borrowings and related derivatives	(48)	(45)
Interest on leases liabilities	(42)	(32)
Interest income	29	11
COST OF NET DEBT	**(60)**	**(65)**
Dividend income	1	4
Foreign exchange gains or losses	(5)	7
Interest income on lease receivables	1	0
Other	(10)	(2)
OTHER FINANCIAL INCOME/(EXPENSES)	**(12)**	**10**
FINANCIAL RESULT	**(72)**	**(55)**

Note 7 Income taxes

The amount of income taxes recognized in the statement of profit or loss is as follows:

€ millions	First semester 2023	First semester 2022
Current year tax (expense) benefit	(410)	(467)
Deferred taxes	88	43
INCOME TAXES	**(322)**	**(424)**

As mentioned in the paragraph *Significant events of the period*, during the first semester 2023, the Group has worked, in collaboration with the relevant tax authorities, on the clarification of certain tax treatments for which an *uncertain tax position* was reflected in the consolidated statement of financial position as of December 31, 2022 (within *Tax payables)*. In light of the outcome of the discussions occurred with the tax authorities, the *uncertain tax position* was re-assessed as of June 30, 2023 leading to the recognition of a significant tax benefit for approximately €111 million.

Pillar Two rules

In December 2021, the Organisation for Economic Co-operation and Development published its Global Anti-Base Erosion Model Rules ("Pillar Two"). The rules are part of a two-pillar solution to address the tax challenges arising from the digitalisation of the economy and were agreed by more than 135 countries and jurisdictions. The Pillar Two rules aim to ensure that large multinational groups pay a minimum amount of tax on income arising in each jurisdiction in which they operate and would achieve that aim by applying a system of top-up taxes that results in the total amount of taxes payable on excess profit in each jurisdiction representing at least the minimum effective rate of 15%.

The Group expects the Pillar Two rules to be enacted in France starting from 2024. According to these rules EssilorLuxottica will be considered a multinational enterprise group to which the Pillar Two model shall be applied. Potential impacts resulting from the application of those rules are currently being analysed notwithstanding the Group mainly operates in tax jurisdictions where the corporate income tax rate is higher than 15%.

No effects have been recorded in these condensed consolidated interim financial statements.

Note 8 Earnings per share

The net profit used for the calculation of earnings per share is €1,361 million (€1,174 million in the first semester of 2022), while the average number of ordinary shares outstanding used for the calculation of basic earnings per share is 445,293,176 for the first semester of 2023 (440,101,686 for the first semester of 2022).

€ millions	First semester 2023	First semester 2022
Net profit (loss) used for the calculation	1,361	1,174
Weighted average number of ordinary shares	445,293,176	440,101,686
BASIC EARNINGS PER SHARE *(in euro)*	**3.06**	**2.67**

The average number of ordinary shares outstanding used to calculate diluted earnings per share is as follows:

	First semester 2023	First semester 2022
Weighted average number of ordinary shares	445,293,176	440,101,686
Dilutive effect of stock subscription options	98,041	108,554
Dilutive effect of share grants	3,777,485	3,897,310
DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**449,168,702**	**444,107,551**
DILUTED EARNINGS PER SHARE *(in euro)*	**3.03**	**2.64**

As of June 30, 2023:

- 2,819,965 performance shares were excluded from the diluted weighted-average number of ordinary shares calculation as the related performance conditions were not met at the end of the reporting period (3,132,840 as of June 30, 2022);
- 319,167 stock subscription options were excluded from the diluted weighted-average number of ordinary shares calculation as their average value was greater than the average price during the respective period, i.e. anti-dilutive effect (428,797 as of June 30, 2022).

Note 9 Goodwill and other intangible assets

Changes in *Goodwill* and *Other intangible assets* in the first semester of 2023 are as follows.

€ millions	Goodwill	Trade names, trademarks and brands	Technologies	Customer relationships	Other	Total
Balance as of January 1, 2023						
Historical cost	30,734	6,617	2,874	6,815	2,849	49,888
Accumulated amortization and impairment	—	(2,146)	(1,146)	(1,962)	(1,779)	(7,033)
NET BOOK VALUE AS OF JANUARY 1, 2023	**30,734**	**4,471**	**1,728**	**4,853**	**1,069**	**42,855**
Additions	—	—	—	—	162	162
Business combinations	95	1	8	—	4	108
Amortization	(0)	(124)	(136)	(247)	(142)	(649)
Impairment	—	(0)	—	—	(0)	(0)
Divestment and assets classified as held for sale	—	—	—	—	(0)	(0)
Translation differences and other [(a)]	(434)	(38)	2	(53)	(5)	(527)
TOTAL CHANGES	**(339)**	**(160)**	**(125)**	**(300)**	**19**	**(906)**
Balance as of June 30, 2023						
Historical Cost	30,394	6,536	2,880	6,727	2,989	49,526
Accumulated amortization and impairment	—	(2,225)	(1,277)	(2,174)	(1,900)	(7,577)
NET BOOK VALUE AS OF JUNE 30, 2023	**30,394**	**4,311**	**1,603**	**4,553**	**1,089**	**41,950**

(a) Including the effects resulting from the application of the hyperinflation accounting to Turkish non-monetary net assets.

In the first semester of 2023, *Goodwill de*creased by €339 million, of which €434 million resulting from foreign currency fluctuations of the period.

Overall, the variance of the other intangible assets (a decrease of €566 million) is mainly driven by the amortization of the period, for €649 million (materially affected by the amortization resulting from the recognition of intangible assets following the purchase price allocation related to the EL Combination and GV Acquisition), and foreign currency fluctuations, for €93 million, partially offset by new additions for €162 million mainly related to licenses and software.

9.1. Impairment tests

9.1.1 Impairment test on goodwill

The lowest level at which the goodwill is monitored for internal management purposes is:

– the segment itself for the Professional Solutions (PS) business;

– the retail sun and retail optical businesses within the Direct to Consumer (DTC) segment.

The amount of *Goodwill* allocated to each groups of CGUs is reported in the following table.

€ millions	**January 1, 2023**	**Changes**	**June 30, 2023**
Professional Solutions	21,778	(260)	21,518
Direct to Consumer - Optical	7,555	(55)	7,500
Direct to Consumer - Sun	1,401	(25)	1,376
TOTAL	**30,734**	(340)	30,394

Changes occurred in the first semester of 2023 are substantially linked to the acquisition of the period (€95 million increase, mainly in the Professional Solutions group of CGUs) and to foreign currency fluctuations (€434 million decrease).

According to IAS 36 – *Impairment of assets,* entities are required to conduct impairment tests on goodwill, and certain intangible assets, annually, as well as whenever there is an indication that those assets may be impaired. The latest annual impairment test on goodwill was performed at an interim date during the second semester of 2022. No impairment losses were recognized as a result of this test.

As of June 30, 2023, management did not identify any impairment indicators, accordingly no impairment test on goodwill was performed as part of the half year closing. The annual impairment test on goodwill will be performed as part of the 2023 year end closing.

9.1.2 Impairment test of other intangible assets

As regards to other intangible assets, specific impairment tests have been performed, when the Group identified an impairment indicator. The impairment losses on intangible assets recognized in the first semester 2023 are immaterial.

Note 10 Property, plant and equipment and right-of-use assets

10.1. Property, plant and equipment

Changes in items of *Property, plant and equipment* in the first semester of 2023 are as follows.

€ millions	Land, Buildings and related leasehold improvements	Plant, equipment, machinery	Other	Total
Balance as of January 1, 2023				
Historical cost	3,641	4,168	2,346	10,155
Accumulated depreciation and impairment	(1,652)	(2,575)	(1,181)	(5,408)
NET BOOK VALUE AS OF JANUARY 1, 2023	**1,989**	**1,592**	**1,165**	**4,747**
Additions	37	114	370	521
Business combinations	0	0	0	1
Depreciation	(103)	(161)	(84)	(348)
Impairment	(1)	(2)	(3)	(6)
Disposals and assets classified as held for sale	(1)	(2)	(2)	(5)
Translation differences and other [(a)]	41	85	(168)	(42)
TOTAL CHANGES	**(27)**	**33**	**114**	**120**
Balance as of June 30, 2023				
Historical cost	3,652	4,266	2,495	10,413
Accumulated depreciation and impairment	(1,689)	(2,641)	(1,216)	(5,547)
NET BOOK VALUE AS OF JUNE 30, 2023	**1,963**	**1,625**	**1,279**	**4,867**

(a) Includes the transfer of tangible assets in progress into the other tangible assets

Specific impairment tests were performed as of June 30, 2023, when the Group identified impairment indicators. The impairment losses on tangible assets recognized in the first semester 2023 amounted to €6 million.

10.2. Right-of-use assets

The following tables summarize the amounts recognized in the Group consolidated statement of financial position as a result of the application of IFRS 16. In particular, the tables show the carrying amounts of the Group's right-of-use assets as well as their movements during the six-month period ended June 30, 2023.

€ millions	Store and other buildings	Equipment and machinery	Other	Total
NET BOOK VALUE JANUARY 1, 2023	**2,972**	**15**	**23**	**3,010**
Additions	487	8	10	505
Business combination	1	—	—	1
Depreciation	(450)	(2)	(8)	(460)
Impairment losses	—	—	—	—
Disposals and assets classified as held for sale	(1)	—	(0)	(1)
Translation differences and other	(39)	(1)	(0)	(40)
NET BOOK VALUE JUNE 30, 2023	**2,970**	**20**	**24**	**3,014**

Note 11 Other current and non-current assets

Other current and non-current assets as of June 30, 2023 and December 31, 2022 are detailed below:

€ millions	June 30, 2023	December 31, 2022
Other non-financial assets	423	438
Derivative financial instruments	0	—
Financial lease receivables	73	71
Other financial assets	337	308
OTHER NON-CURRENT ASSETS	**833**	**817**
Social and sales tax receivable	255	297
Advances to suppliers	126	121
Prepaid expenses	316	213
Other	443	258
TOTAL OTHER CURRENT NON-FINANCIAL ASSETS	**1,140**	**890**
Derivative financial instruments	18	29
Short-term investments	8	—
Financial lease receivables	17	17
Other	1	—
TOTAL OTHER CURRENT FINANCIAL ASSETS	**43**	**46**
OTHER CURRENT ASSETS	**1,184**	**936**

Over the period, the deposit of €125 million transferred, at the end of 2021, to the French Competition Authority in the context of the procedure against Luxottica, its subsidiary Alain Mikli and other competitors has been reclassified from *other non-current non-financial assets* to *other current non-financial assets*, the Court of Appeal decision being now expected within the next 12 months from the reporting date (see Note 18 – Contingencies and commitments, paragraph 18.2 *Litigation and contingent liabilities*).

Moreover, as of June 30, 2023, *other non-current non-financial assets* include:

– €81 million transferred to the French Authorities in the context of the procedure initiated by the French Competition Authority against Essilor International. As mentioned in the paragraph *Significant events of the period,* a €81 million penalty was imposed on October 6, 2022 to Essilor International (€15 million of which to be borne jointly by EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses. EssilorLuxottica appealed this decision on November 23, 2022. On February 15, 2023, pending the decision on appeal, the founds were transferred to the French Authorities; this cash-out was considered as a deposit made to a public authority in the context of the overall procedure and accounted for accordingly (see Note 18 – Contingencies and commitments, paragraph 18.2 *Litigation and contingent liabilities*);

– €37 million of non-current advance payments related to royalties (€18 million as of December 31, 2022), including the portion related to the renewal of the Armani license (commented in the paragraph *Significant events of the period*).

Furthermore, during the first semester 2023, the Group recognized €17 million (USD19 million) within the *other current non-financial assets* to reflect the agreement reached with an insurance company in the context of a class action settlement in the US (see Note 15 – Provisions (current and non-current) and Note 18 – Contingencies and commitments, paragraph 18.2 *Litigation and contingent liabilities*).

As of June 30, 2023, current and non-current contract assets included in other non-financial assets amount, respectively, to €16 million (€18 million as of December 31, 2022) and €16 million (€19 million as of December 31, 2022).

Note 12 Cash and cash equivalents

Cash and cash equivalents are as follows:

€ millions	June 30, 2023	December 31, 2022
Cash in hand and at bank	1,486	1,756
Time deposits	179	204
Money market funds	23	—
CASH AND CASH EQUIVALENTS	**1,688**	**1,960**

Note 13 Equity

13.1. Number of shares

The changes in number of shares between January 1 and June 30 for the years 2023 and 2022 are as follows:

In number of shares	First semester 2023	First semester 2022
NUMBER OF SHARES AS OF JANUARY 1	**447,688,233**	**442,442,920**
Scrip dividend	5,909,082	4,789,194
Delivery of performance shares	—	167,947
Exercise of stock options [(a)]	15,150	16,447
NUMBER OF SHARES AS OF JUNE 30	**453,612,465**	**447,416,508**

(a) As of June 30, 2023 the amount includes 15,150 shares which were delivered but not yet registered; 2,046 shares were delivered but not yet registered as of June 30, 2022.

13.2. Share capital and Share premium reserve

The share capital of the Company amounted to €82 million as of June 30, 2023 and was comprised of 453,612,465 ordinary shares with a par value of €0.18 each (€81 million as of December 31, 2022 comprising 447,688,233 ordinary shares).

The changes in share capital and share premium reserve (issue of ordinary shares) are described below.

- *Dividend distribution*: the issuance of 5,909,082 shares as a consequence of the *scrip dividend* resulted in an increase of the share capital of €1 million, while the share premium reserve decreased by €218 million due to the combined effected of the share issuance mentioned above and the overall dividend distribution (see paragraph 13.5 *Dividends*).
- *Exercise of stock options*: refers to 15,150 shares issued following the exercise of stock options granted to employees, resulting in an increase of the share premium reserve of €2 million.

13.3. Treasury shares reserve

As of June 30, 2023, the Group held 2,441,001 EssilorLuxottica's shares valued at €372 million (2,360,650 EssilorLuxottica's shares valued at €360 million as of December 31, 2022).

During the six-month period ended June 30, 2023, the Group accounted for a net increase of €12 million in the treasury shares reserve mainly due to the share buyback program launched by the Company:

– 120,000 EssilorLuxottica shares were purchased from March 10 to March 14, 2023 for an average price of €160.30 and for a total amount of €19 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on September 23, 2022 (in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of 25 May 2022).

The shares acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

13.4. Retained earnings and other reserves

Retained earnings and other reserves amount to €13,233 million as of June 30, 2023 (€11,286 as of December 31, 2022).

The main changes accounted in the period refer to the allocation of 2022 net profit attributable to owners of the parent (€2,152 million) partially counterbalanced by the dividend distribution described in the following paragraph (€271 million), the share-based payments costs recorded in the first semester of 2023 (€72 million increase compared to December 31, 2022), the delivery of shares to employees in the context of share-based plan served with treasury shares (€3 million decrease compared to December 31, 2022), transactions with non-controlling interests (€41 million decrease compared to December 31, 2022) and the effect resulting from the application of hyperinflation accounting (€59 million increase).

13.5. Dividends

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 17, 2023 approved the distribution of a dividend of €3.23 per ordinary share for the year 2022. Shareholders were granted the option to receive their dividend in newly issued shares at a price of €160.91 per share (so-called *scrip dividend*). This price corresponds to 90% of the average of the opening prices quoted on Euronext Paris over the twenty trading days preceding the date of the Annual Shareholders' Meeting less the dividend to be distributed for the financial year ended on December 31, 2022, this total being rounded up to the next euro cent.

At the end of the option period (June 7, 2023), 294,375,414 dividend rights were exercised in favour of the payment of the 2022 dividend in shares. Accordingly a total dividend distribution of €1,438 million (of which €271 million distributed from *Other reserves* and €1,167 million distributed from *Share premium reserve*) was accounted for in the semester:

– 5,909,082 new EssilorLuxottica's shares were issued and delivered, representing a dividend distribution equal to €951 million; and

– €487 million were paid in cash to those shareholders who did not opt for the *scrip dividend*.

Both the cash and the *scrip* dividend were paid on June 13, 2023. On the same day, the newly issued shares were admitted to trading on Euronext Paris. Those shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

Over the first semester of 2022, a *dividend* amounting to €2.51 per share was paid on June 21, 2022 to the shareholders for a total amount of €1,104 million, of which €454 million paid in cash and €649 million in shares (*scrip dividend)*.

The total dividend distributed to non-controlling shareholders in the first semester of 2023 amounted to €63 million (€62 million during the same period of 2022).

13.6. Non-controlling interests

Equity attributable to non-controlling interests amounted to €642 million as of June 30, 2023 and €692 million as of December 31, 2022.

The following table provides a reconciliation of the changes in non-controlling interests over the period:

€ millions	**2023**
POSITION AS OF JANUARY 1, 2023	**692**
Total comprehensive income of the period	37
Changes in consolidation scope and NCI	(24)
Acquisition of subsidiaries with NCI	*—*
Acquisition of NCI without a change in control	*(0)*
Other changes related to NCI	*(23)*
Dividends paid	(63)
POSITION AS OF JUNE 30, 2023	**642**

Note 14 Financial debt, including lease liabilities

Total financial debt is €11,748 million as of June 30, 2023 (€12,204 million as of December 31, 2022).

The changes in financial debt during the six-month period ended June 30, 2023 are as follows:

€ millions	Balance as of January 1, 2023	Change in financing flows [(a)]	Scope effects	Translation differences	Other [(b)]	Balance as of June 30, 2023
Non-current borrowings	7,858	0	0	(1)	(1,294)	6,563
Non-current lease liabilities	2,336	(1)	1	(24)	24	2,336
TOTAL NON-CURRENT FINANCIAL DEBT	**10,194**	**(0)**	**1**	**(25)**	**(1,270)**	**8,899**
Current borrowings	1,164	(449)	(0)	(5)	1,298	2,008
Current lease liabilities	846	(471)	0	(9)	474	840
TOTAL CURRENT FINANCIAL DEBT	**2,010**	**(920)**	**0**	**(14)**	**1,772**	**2,849**
TOTAL FINANCIAL DEBT	**12,204**	**(920)**	**2**	**(39)**	**501**	**11,748**

(a) The total change in financing flow corresponds to the *Issuance of bonds, private placements and other long-term debts, Repayment of bonds, private placements and other long-term debts*, the *Changes in other current and non-current borrowings a*nd the *Cash payments for principal portion of lease liabilities* lines as reported in the consolidated statement of cash flows.

(b) The column "Other" includes, among others, interests paid, reported within the *Net cash flows provided by/(used in) operating activities* subtotal in the consolidated statement of cash flows. it also includes the reclassifications between non-current and current.

The Group uses debt financing to raise financial resources for medium/long-term business operations and to finance acquisitions. The overall decrease by €457 million in total financial debt is mainly linked to the repayment of a €1,000 million Eurobond (face value) matured on May 27, 2023, partially offset by the issuance of various Commercial Paper for a total amount of USD650 million (face value).

14.1. Non-current borrowings

The table below summarizes the Group's non-current borrowings as of June 30, 2023.

€ millions	June 30, 2023	December 31, 2022	Face value	Currency	Nominal interest rate	Issue date dd/mm/yyyy	Maturity dd/mm/yyyy
Eurobond[(a)]	988	987	1,000	EUR	0.75%	27/11/2019	27/11/2031
Eurobond[(b)]	1,244	1,243	1,250	EUR	0.50%	05/06/2020	05/06/2028
Eurobond[(a)]	1,490	1,489	1,500	EUR	0.38%	27/11/2019	27/11/2027
US private placement	89	90	100	USD	2.65%	05/01/2017	05/01/2027
Eurobond[(b)]	1,246	1,246	1,250	EUR	0.38%	05/06/2020	05/01/2026
Eurobond[(a)]	1,495	1,494	1,500	EUR	0.13%	27/11/2019	27/05/2025
Eurobond[(c)]	—	299	300	EUR	2.38%	09/04/2014	09/04/2024
Eurobond[(c)]	—	499	500	EUR	2.63%	10/02/2014	10/02/2024
Eurobond[(b) (c)]	—	500	500	EUR	0.25%	05/06/2020	05/01/2024
Other	11	11					
NON-CURRENT BORROWINGS	**6,563**	**7,858**					

(a) Those lines refer to the 5BIL Bonds issued on November 27, 2019.
(b) Those lines refer to the 3BIL Bonds issued on June 5, 2020.
(c) Reclassified to *Current borrowings*.

As of June 30, 2023, non-current borrowings decreased by €1,295 million compared to December 31, 2022, mainly due to the reclassification from non-current to current borrowings of three Eurobonds for a total amount of €1,300 million (face value) now due within 12 months from the reporting date.

The Group's debt agreements contain certain financial covenants (for more details see Note 17 – Financial instruments and management of market risks). As of June 30, 2023, the Company was in compliance with these financial covenants.

14.2. Current borrowings

As of June 30, 2023, the Group's short-term funding structure was as follows:

€ millions	June 30, 2023	December 31, 2022	Face value	Currency	Nominal interest rate	Issue date dd/mm/yyyy	Maturity dd/mm/yyyy
Eurobond[(a)]	298	—	300	EUR	2.38%	09/04/2014	09/04/2024
Eurobond[(a)]	500	—	500	EUR	2.63 %	10/02/2014	10/02/2024
Eurobond[(a) (b)]	500	—	500	EUR	0.25%	05/06/2020	05/01/2024
US private placement	28	28	30	USD	3.40%	05/11/2013	04/11/2023
Eurobond[(c) (d)]	—	1,000	1,000	EUR	0.00%	27/11/2019	27/05/2023
Commercial paper[(d)]	598	—	650	USD	3.12%	05/2023	07/2023
Other[(d)]	85	136					
CURRENT BORROWINGS	**2,008**	**1,164**					

(a) Reclassified from *Non-current borrowings.*
(b) This line refers to the 3BIL Bonds issued on June 5, 2020.
(c) This line refers to the 5BIL Bonds issued on November 27, 2019.
(d) Changes compared to December 31, 2022 balances are reported within the line *Repayment of bonds, private placements and other long-term debts* and *Changes in other current and non-current borrowings* in the consolidated statement of cash flows for the period ended June 30, 2023.

The other current borrowings correspond to short-term bank borrowings, overdraft and accrued interest, and amount to €85 million as of June 30, 2023 (€136 million as of December 31, 2022).

The main changes in the Group's current borrowings correspond to the reclassification from non-current to current borrowings of three Eurobonds for a total amount of €1,300 million (face value) now due within 12 months from the reporting date, the reimbursement of a €1,000 million Eurobond (face value) matured on May 27, 2023 and the issuance of various Commercial Paper mainly under the USCP program for a total amount of USD650 million (face value) due in July 2023.

14.3. Lease liabilities

The table below provides the maturity of the Group's lease liabilities as of June 30, 2023.

€ millions	**1Y**	**2Y**	**3Y**	**4Y**	**5Y**	**>5Y**	**Total**
LEASE LIABILITIES	840	641	467	342	247	639	**3,177**

14.4. Net debt

The table below summarizes the Group's Net debt as of June 30, 2023 and December 31, 2022.

€ millions	**June 30, 2023**	**December 31, 2022**
Non-current borrowings	6,563	7,858
Current borrowings	2,008	1,164
TOTAL LIABILITIES	**8,571**	**9,022**
Short-term investments [(a)]	(8)	—
Cash and cash equivalents	(1,688)	(1,960)
TOTAL ASSET	**(1,695)**	**(1,960)**
Interest Rate Swap measured at fair value	6	2
Foreign exchange derivatives at fair value	1	(1)
NET DEBT EXCLUDING LEASE LIABILITIES	**6,883**	**7,063**
Lease liabilities (current and non-current)	3,177	3,182
NET DEBT	**10,060**	**10,246**

(a) As reported in Note 11 – Other current and non-current assets.

Note 15 Provisions (current and non-current)

The balances as of June 30, 2023 and December 31, 2022 are detailed below:

€ millions	June 30, 2023	December 31, 2022
Warranty and returns	128	136
Litigations	223	208
Self-insurance	28	28
Restructuring and other	230	213
TOTAL PROVISIONS	**610**	**585**
of which current provisions	*339*	*283*
of which non-current provisions	*271*	*302*

The changes in provision for the six-month period ended June 30, 2023 are as follows:

€ millions	Warranty and returns	Litigations	Self-insurance	Restructuring and other	Total
BALANCE AS OF JANUARY 1, 2023	**136**	**208**	**28**	**213**	**585**
Provisions for the period	45	40	(3)	82	164
Utilization and releases	(41)	(26)	(0)	(55)	(122)
Translation differences	(3)	(1)	(1)	(1)	(6)
Business combinations	(0)	—	—	—	(0)
Other movements	(9)	2	3	(8)	(11)
TOTAL CHANGES	**(8)**	**16**	**(0)**	**18**	**25**
BALANCE AS OF JUNE 30, 2023	**128**	**223**	**28**	**230**	**610**
of which current provisions	*102*	*77*	*10*	*150*	*339*
of which non-current provisions	*26*	*146*	*18*	*80*	*271*

Provisions (current and non-current) increased by €25 million in the period. The provisions for the period, €164 million, was counterbalanced by utilization and releases for about €122 million and other movements for approximately €17 million (including foreign currency translation effects).

The line *Provisions for the period* mainly includes:

– under the *Litigations* column, the effect resulting from the reassessment of a risk related to a class action where an US Group subsidiary of EssilorLuxottica is defendant following a settlement reached at the end of the first semester 2023 (for approximately €36 million, USD39 million), pending its final approval from the Court (see Note 18 – Contingencies and commitments, paragraph 18.2 *Litigation and contingent liabilities*); the net exposure for the Group amounts to USD20 million considering the USD19 million contribution agreed with an insurance company (see Note 11 – Other current and non-current assets); and

– under the *Restructuring and other* column, a provision for approximately €23 million accrued in the period following the decision of the Company to close the GrandVision's headquarter in Schiphol in order to simplify its organization in the Netherlands.

Note 16 Other current and non-current liabilities

Other current and non-current liabilities as of June 30, 2023 and December 31, 2022 are detailed below:

€ millions	June 30, 2023	December 31, 2022
Liabilities related to long-term put options over non-controlling interests	21	152
Trade payables and liabilities related to long-term financial investments	25	26
Derivative financial instruments	2	1
Other	40	42
OTHER NON-CURRENT LIABILITIES	**88**	**221**
Liabilities related to short-term put options over non-contr. interests	304	158
Liabilities related to short-term financial investments	62	69
Personnel expenses, social contribution, VAT and other indirect tax payables	1,287	1,401
Premium and discount	394	476
Payables with extended payment terms	501	515
Derivative financial instruments	48	36
Other	972	932
OTHER CURRENT LIABILITIES	**3,567**	**3,587**

In the table above, the line *Payables with extended payment terms* included in the *Other current liabilities* refers to the amount due to suppliers that agreed to join voluntary supply chain finance ("SCF") programs. Those programs enable the Group's suppliers, at their sole discretion, to sell their receivables due by the Group, on a non-recourse basis and at a rate that leverages the Group's credit rating, as further described in the last Group's annual consolidated financial statements.

Cash flows related to those payables are classified as arising from operating activities (line *Changes in other operating receivables and payables* of the consolidated statement of cash flows).

Management has not identified additional liquidity risks deriving from the SCF program.

The lines *Other* in the *Other non-current liabilities* and in the *Other current liabilities* include contract liabilities for respectively €26 million and €223 million (€27 million and €222 million as of December 31, 2022).

Note 17 Financial instruments and management of market risks

17.1. Financial instruments recognized in the consolidated statement of financial position

€ millions	Notes	Total June 30, 2023	Financial assets/(liabilities) at fair value through profit or loss	Equity investments at fair value through other comprehensive income	Financial assets/(liabilities) at amortized cost	Other financial liabilities	Derivatives documented in hedging relationships
Other non-current financial assets *(excluding derivatives)*	11	337	2	65	270	—	—
Finance lease receivables *(current and non-current)*	11	90	—	—	90	—	—
Trade receivables	17.2.2	3,078	—	—	3,078	—	—
Other current financial assets *(excluding derivatives)*	11	8	8	—	1	—	—
Derivative financial instruments	11	18	15	—	—	—	2
Cash and cash equivalents	12	1,688	202	—	1,486	—	—
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS		**5,219**	**227**	**65**	**4,925**	**—**	**2**
Non-current borrowings	14	6,563	—	—	6,563	—	—
Other non-current financial liabilities *(excluding derivatives)* (a)	16	60	9	—	30	21	—
Current borrowings	14	2,008	—	—	2,008	—	—
Trade payables		2,273	—	—	2,273	—	—
Other current financial liabilities *(excluding derivatives)* (b)	16	366	61	—	0	304	—
Derivative financial instruments	16	50	26	—	—	—	23
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES		**11,319**	**96**	**—**	**10,875**	**325**	**23**

(a) Excluding IFRS 15 contract liabilities.

(b) Excluding personnel expenses, social contribution, VAT and other indirect tax payables, premium and discount, other current liabilities and IFRS 15 contract liabilities.

The carrying value of assets and liabilities recorded at amortized cost is close to its fair value, except for long-term borrowings for which fair value is €5,894 million (€7,144 million as of December 31, 2022).

17.2. Counterparty risk

17.2.1. Credit risk related to financial counterparties

The Group is exposed to counterparty risk, i.e., the risk that a bank defaults on its contractual obligations (short term investment, hedge or credit facility), which would result in a financial loss for the Group.

Default by a counterparty may result in loss in value (the case of non-payment of a financial asset) or liquidity (the case of inability to draw on an unused line of credit). To mitigate the risk, the Group mainly deals with top-tier banks and diversifies its banking counterparties, in order to limit its individual exposure, depending on the rating of the counterparty. Moreover, available cash is mainly invested with the purpose of meeting the criteria of *Cash and cash equivalents* classification as per the strategy of the Group (i.e. at least 90% of excess cash must be invested in products complying with the *Cash and cash equivalents* definition under IFRS).

The Group enters into derivative transactions under various master agreements, which contain clauses for the offsetting of amounts payable and receivable only on the occurrence of future events, such as a default or other credit event by one of the contracting parties. Since the Group does not have any currently legally enforceable right to offset recognized amounts, the mentioned agreements do not meet the criteria of offsetting in the statements of financial position.

Based on the information available to the Group, during the course of the period, there were no potential losses deriving from the inability of the above-mentioned counterparties to meet their contractual obligations.

17.2.2. Credit risk related to commercial counterparties

The credit risk is managed locally and monitored centrally by the Group. Nevertheless, a portion of the Group's revenue is realized directly with the end customer and those revenue do not expose the Group to any credit risk.

The Group does not have a significant concentration of credit risk. In any case, there are proper procedures in place to ensure that the sales of products and services are made to reliable customers on the basis of their financial position as well as past experience. Credit limits are defined according to thresholds that take into consideration internal and external evaluation of the customer's reliability. The utilization of credit limits is regularly monitored through automated controls.

As of June 30, 2023, non-provisioned past due trade receivables amount to €334 million (€332 million at the end of 2022).

€ millions	June 30, 2023	December 31, 2022
Trade receivables due within one year [(a)]	3,013	2,697
Trade receivables beyond one year [(b)]	65	57
of which:		
trade receivables not yet due	*2,743*	*2,422*
past due trade receivables	*334*	*332*

(a) In line item *Trade receivables* in the consolidated statement of financial position.
(b) In line item *Other non-current assets* in the consolidated statement of financial position.

17.3. Liquidity risk

The Group's activities expose it to the risk that its sources of liquidity may be insufficient to cover its financing needs. The Group aims to maintain a permanent source of liquidity in order to ensure its independence and growth. The funding policy is based on the diversification of funding sources, the use of medium- and long-term financing, the distribution of debt maturities over time and the establishment of committed credit facilities.

As of June 30, 2023, most of the Group's long-term financing and credit facilities are concentrated on EssilorLuxottica which then refinances its subsidiaries. Some companies may, however, need to arrange their own local financing when local regulations hamper intra-Group arrangements.

As of June 30, 2023, the Group had €2,253 million of committed credit facilities with leading banks. Drawing down these lines is not subject to any covenant. As of June 30, 2023, none of these lines had been used.

Primary rating agencies have assigned to the Group the following rating:

	Long term	Short term	Outlook	Effective date
Moody's	A2	P-1	Stable	September 26, 2022
Standard & Poor's	A	A-1	Stable	April 13, 2023

The distribution of the Group's Net debt (excluding lease liabilities) and available credit facilities by contractual maturity at the end of the first semester of 2023 was as follows:

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
Bonds	1,297	1,495	1,246	—	2,734	988	7,761
Commercial Paper	598	—	—	—	—	—	598
Bank loans	7	4	—	—	—	—	11
Private Placement	28	—	—	89	—	—	116
Overdraft	30	—	—	—	—	—	30
Others debt	48	6	—	—	—	—	54
GROSS DEBT	**2,009**	**1,505**	**1,247**	**89**	**2,734**	**988**	**8,571**
Short-term investments	(8)	—	—	—	—	—	(8)
Cash & cash equivalents	(1,688)	—	—	—	—	—	(1,688)
Foreign exchange derivatives at fair value							1
Interest Rate Swap measured at fair value							6
NET DEBT (EXCLUDING LEASE LIABILITIES)	**313**	**1,505**	**1,247**	**89**	**2,734**	**988**	**6,883**
Available committed syndicated credit facilities	—	—	—	—	1,750	—	1,750
Available committed bilateral bank facilities	253	250	—	—	—	—	503

The distribution of the Group's nominal gross debt (i.e. face value) by contractual maturity at the end of the first semester of 2023 was as follows:

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
Bonds	1,300	1,500	1,250	—	2,750	1,000	7,800
Commercial Paper	598	—	—	—	—	—	598
Bank loans	7	4	—	—	—	—	11
Private Placement	28	—	—	92	—	—	120
Overdraft	30	—	—	—	—	—	30
Others debt	48	6	0	—	0	—	54
NOMINAL GROSS DEBT	**2,011**	**1,510**	**1,250**	**92**	**2,750**	**1,000**	**8,614**

Some of the financing agreements of the Group (see Note 14 – Financial debt, including lease liabilities) require compliance with negative pledges and financial covenants, as set forth in the respective agreements.

Financial covenants require the Group to comply with specific levels of financial ratios. The most significant covenants establish a threshold for the ratio of EBITDA to financial expenses and priority debt to consolidated total assets.

In the case of a failure to comply with the above-mentioned ratios, the Group may be called upon to pay the outstanding debt if it does not correct such default within the period indicated in the applicable agreement.

Compliance with these covenants is monitored by the Group at the end of each semester and, as of June 30, 2023, the Group is fully in compliance with these covenants.

17.4. Commodities' risks

The Group's activities expose it to the volatility of energy, gas and raw materials prices. Therefore, the Group entered into agreements and set up hedging financial instruments in order to secure its energy and raw materials supply costs.

Note 18 Contingencies and commitments

18.1. Commitments

Commitments are disclosed in Note 30 – Contingencies and commitments to the 2022 consolidated financial statements.

There were no material changes in the amount or nature of these commitments between December 31, 2022 and June 30, 2023.

18.2. Litigation and contingent liabilities

18.2.1. Alleged anti-competitive practices

French Competition Authority Investigation

Essilor

In July 2014, the French Competition Authority's investigation department made unannounced visits to selected Essilor entities in France and other actors in the ophthalmic lens industry involved in the online sale of ophthalmic lenses. Related to this investigation, a €81 million penalty has been imposed on October 6, 2022 by the French Competition Authority to Essilor International (€15 million of which to be borne jointly by EssilorLuxottica) for discrimination of online players and protection of brick & mortar retailers, in connection with the distribution of certain specific prescription lenses.

EssilorLuxottica strongly disagrees with the French Competition Authority and has appealed its decision on November 23, 2022, still confident that it will successfully demonstrate that this decision is ungrounded. Thus, management (after consultation with its legal external advisors) considers the risk of the outflow of resources as not likely to occur and no provisions have been booked in this respect.

On February 15, 2023, €81 million were transferred to the French Authorities pending the decision on appeal. This transfer is considered as a deposit made to a public authority in the context of the overall procedure (see Note 11 – Other current and non-current assets).

Luxottica

Following lengthy proceedings against Luxottica, the Group was sentenced by the French Competition Authority to a €125 million fine on July 22, 2021 on the account of cartel practices. The Group has appealed this decision on September 10, 2021 and remains confident that it will successfully demonstrate that the decision is wrong from both a factual and a legal perspective. Thus, management (after consultation with its legal external advisors) considers the risk of the outflow of resources as not likely to occur and no provisions have been booked in this respect.

On December 14, 2021, €125 million were transferred to the French Authorities. That cash-out is considered as a deposit made to a public authority in the context of the overall procedure and it has been accounted for as such in the Company's financial statements. The court of appeal decision related to the case is expected within 12 months from the reporting date, therefore the deposit is now accounted for in the other current non-financial assets (see Note 11 – Other current and non-current assets).

Investigations

Shamir Optical, a US Company's subsidiary is under investigation by the US Department of Justice with regard to certain promotional activities.

Moreover, the Group is under investigations initiated in 2021 and 2022 by the Turkish and Greek Competition Authorities, respectively, in relation to local commercial practices. The Group is working with the authorities in connection with these ongoing investigations.

There were no major developments related to those ongoing investigations over the period.

18.2.2. Class actions

Certain EssilorLuxottica Group's entities, primarily US and Canadian subsidiaries, are defendant in class actions and putative class actions brought before Federal, State and Provincial courts alleging suppression of competition, price fixing, false and misleading advertising, misleading representations, warranty claims, unlawful control of optometrists and data security breaches. The relevant subsidiaries dispute the merits of all of these actions.

At the end of the first semester 2023 an agreement was reached to settle a class action where an US Group subsidiary of EssilorLuxottica is defendant. The settlement is pending its final approval from the Court. The Group reassessed accordingly the related provision (see Note 15 – Provisions (current and non-current)). The settlement amount is partially covered by an insurance contribution (see Note 11 – Other current and non-current assets).

18.2.3. Tax disputes

EssilorLuxottica is part of various tax litigations, for which provisions have already been made.

18.2.4. Other existing proceedings

EssilorLuxottica and its subsidiaries are defendants in other legal proceedings arising in the ordinary course of business. EssilorLuxottica disputes the merits of all such outstanding claims, which it will vigorously pursue.

As of the date of approval by EssilorLuxottica Board of Directors of these condensed consolidated interim financial statements, such other ongoing legal proceedings known to the Group are not likely to have significant impacts on the Group’s financial position or profitability.

Note 19 Related party transactions

Main related parties are:

- members of EssilorLuxottica's Board of Directors, key management personnel and their close family members;
- companies over which members of the Board of Directors, key management personnel or their close family members have control or joint control;
- companies over which the Group exercises joint control or significant influence; and
- companies which exercise control over the Group.

Moreover, as Delfin S.à r.l. fully consolidates EssilorLuxottica in its consolidated accounts, the Company's related parties also include Delfin's related parties.

No transactions outside the normal course of business were concluded during the period with the Board of Directors' members or key executives.

A summary of related party transactions carried out during the six-month period ended June 30, 2023 is provided below.

€ millions	Consolidated profit or loss First semester 2023		Balance outstanding as of June 30, 2023	
	Revenue	Costs	Assets	Liabilities
Mazzucchelli 1849 S.p.A. (a)	0	(16)	0	10
Triapex s.r.o. (a)	—	(2)	—	3
Reliance Vision Express Private Ltd (a)	0	—	0	—
Others	—	(0)	—	0
TOTAL	**0**	**(18)**	**0**	**13**

(a) Group's associates.

The relationships between the Group and its related parties are of a commercial nature. In the first semester of 2023, the Group bought/sold products and services from/to those entities. Those transactions were concluded at arm's length within the normal day-to-day business operations.

Note 20 Subsequent events

No significant event occurred between July 1, 2023 and July 25, 2023, the date of approval by EssilorLuxottica Board of Directors of these condensed consolidated interim financial statements.

Appendix 1

Exchange Rates

Per EUR 1		Closing rate		Average rate	
		June 30, 2023	**December 31, 2022**	**First semester 2023**	**First semester 2022**
AUD	Australian Dollar	1.6398	1.5693	1.5989	1.5204
BRL	Brazilian Real	5.2788	5.6386	5.4827	5.5565
CAD	Canadian Dollar	1.4415	1.4440	1.4565	1.3900
CNY	Chinese Yuan	7.8983	7.3582	7.4894	7.0823
GBP	British Pound	0.8583	0.8869	0.8764	0.8424
HKD	Hong Kong Dollar	8.5157	8.3163	8.4709	8.5559
JPY	Japanese Yen	157.1600	140.6600	145.7604	134.3071
INR	Indian Rupee	89.2065	88.1710	88.8443	83.3179
MXN	Mexican Peso	18.5614	20.8560	19.6457	22.1653
USD	US Dollar	1.0866	1.0666	1.0807	1.0934

Statutory auditors' review report on the interim financial information

For the period from January 1, 2023 to June 30, 2023

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

To the shareholders of EssilorLuxottica

In compliance with the assignment entrusted to us by your Shareholders' 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 EssilorLuxottica for the period from January 1, 2023 to June 30, 2023,
- the verification of the information presented 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 with respect 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

French original signed by

PricewaterhouseCoopers Audit		Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Jean-Luc Barlet	Guillaume Devaux

Statement by the Person Responsible for the 2023 Interim Financial Report

I declare that, to the best of my knowledge, (i) the condensed consolidated financial statements for the first six months of 2023 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of EssilorLuxottica and the consolidated companies, and (ii) the accompanying interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Charenton-le-Pont, France, July 27, 2023

Francesco Milleri
Chairman and Chief Executive Officer