EssilorLuxottica

Q2/H1 2023 RESULTS

Strong sales growth, solid margins confirmed

All regions and segments growing

On track with carbon neutrality in Europe by end of 2023

- **Group's revenue up 8.0% in Q2 and 8.2% in H1 at constant exchange rates[1]**
- **EMEA double-digit up in Q2, China rebounding strongly, North America positive**
- **Retail in EMEA as a key driver, with the integration accelerating**
- **Stellest more than doubling in H1, Varilux XR successfully launched and Ray-Ban Reverse delivering disruptive design and technology**
- **Adjusted[2] operating profits margin at 18.5% at constant exchange rates[1], +10bps vs H1 2022**
- **Free cash flow[5] at Euro 954 million in H1**

Charenton-le-Pont, France (July 25, 2023 - 6:00 pm) – The Board of Directors of EssilorLuxottica met on July 25, 2023 to approve the condensed consolidated interim financial statements for the six months ended June 30, 2023. The Statutory Auditors have performed a limited review of these financial statements. Their report is in the process of being issued.

Francesco Milleri, Chairman and CEO, and Paul du Saillant, Deputy CEO at EssilorLuxottica commented: *"At the halfway point of 2023, we are proud of our performance, including strong top line growth and our ability to keep the pace on margins, both on track with our long-term outlook. Our innovation pipeline continues to run deep – in the past six months, we introduced Varilux XR lenses powered by AI, launched a design disruption with Ray-Ban Reverse and rolled out Stellest in additional markets. We have also delivered novelties at the heart of our house and licensed brands. The back half of the year will be very dynamic, as we further expand our Ray-Ban Stories in partnership with Meta with more functionalities and we prepare to step into the hearing solutions market with a groundbreaking technology. At the same time, we are on track to be carbon neutral in Europe in 2023. Our investment in talent and know-how continues to fuel all of our projects as we advance on embracing our common culture. Today, our skilled teams are operating in lock step to achieve our goals and giving us a solid foundation to continue building EssilorLuxottica successfully."*

EssilorLuxottica

Q2 & H1 Highlights

P&L key adjusted[2] data

Euro millions	H1 2023 Adjusted[2]	H1 2022 Adjusted[2]	Constant exchange rates[1]	Current exchange rates
Revenue	12,851	11,994	+8.2%	+7.1%
Gross Profit	8,243	7,729	+7.9%	+6.7%
% of revenue		*64.4%*	*64.2%*	*64.1%*
Operating Profit	2,347	2,202	+8.8%	+6.6%
% of revenue		*18.4%*	*18.5%*	*18.3%*
Group Net Profit	1,655	1,548	+9.0%	+6.9%
% of revenue		*12.9%*	*13.0%*	*12.9%*

P&L key data

Euro millions	H1 2023	H1 2022	Constant exchange rates[1]	Current exchange rates
Revenue	12,851	11,994	+8.2%	+7.1%
Gross Profit	8,221	7,716	+7.8%	+6.5%
Operating Profit	1,832	1,711	+9.8%	+7.1%
Group Net Profit	1,361	1,174	+18.5%	+15.9%
EPS basic (Euro)	3.06	2.67		
EPS diluted (Euro)	3.03	2.64		

Group revenue by segment and region

Euro millions	H1 2023	H1 2022	Constant exchange rates[1]	Current exchange rates
Professional Solutions	6,234	5,837	+7.9%	+6.8%
Direct to Consumer	6,616	6,157	+8.5%	+7.5%
TOTAL REVENUE	**12,851**	**11,994**	**+8.2%**	**+7.1%**

EssilorLuxottica

Euro millions	Q2 2023	Q2 2022	Constant exchange rates[1]	Current exchange rates
Professional Solutions	3,208	3,057	+8.2%	+4.9%
Direct to Consumer	3,491	3,330	+7.8%	+4.8%
TOTAL REVENUE	**6,699**	**6,387**	**+8.0%**	**+4.9%**

Euro millions	H1 2023	H1 2022	Constant exchange rates[1]	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%
TOTAL REVENUE	**12,851**	**11,994**	**+8.2%**	**+7.1%**

Euro millions	Q2 2023	Q2 2022	Constant exchange rates[1]	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%
TOTAL REVENUE	**6,699**	**6,387**	**+8.0%**	**+4.9%**

In the second quarter of the year, EssilorLuxottica recorded strong growth of revenue, up 8.0% at constant exchange rates[1] (+4.9% at current exchange rates) to Euro 6,699 million, broadly keeping the pace of the first three months of the year, which were up 8.6%. In the first semester, the revenue grew 8.2% to Euro 12,851 million. The Group's top line growth continues to outpace the mid-single digit long-term target, proving that the integration journey is reflected in an acceleration of the business growth.

Revenue growth in the second quarter was spread across all the business areas, by region, category, channel and price point, with the exception of the sun retail in the US, which posted a negative performance on the back of a softening market demand. Overall North America remained positive, up 2.3% at constant exchange rates[1], but decelerated versus the first quarter. At the opposite, EMEA gained further traction, up 10.6% at constant exchange rates[1], with both segments accelerating together, as a result of the open model strategy aimed at growing the overall market. Asia-Pacific stood out as the best performing region in the quarter, up 23.9% at constant exchange rates[1], thanks to the business rebound in Greater China (>+50%), boosted by Stellest. Latin America rose 9.3%, sustained by both segments.

Both volume and price-mix sustained the revenue growth with the latter having a more pronounced impact on the results this quarter. In terms of product categories, the performance was driven by the optical side overall growing high-single digit at constant exchange rates[1], with optical frames, ophthalmic and contact lenses all delivering solid growth. The instruments division posted strong growth in the period, up almost one fourth at constant exchange rates[1] compared to last year. Sunglasses grew mid-single digit at constant exchange rates[1] dragged by a weak performance in North America but more than offset by a sound sun season elsewhere. Within the branded lens portfolio, Varilux and Transitions delivered robust results, while Crizal and Eyezen accelerated into double-digit territory. Stellest continued to be the fastest growing product in the portfolio. As for branded frames, the leading global proprietary brands Ray-Ban and Oakley kept advancing firmly, while the regional brand Bolon jumped by an impressive two thirds on the reopening of its home market of China. The licensed portfolio kept posting excellent results growing in the mid teens at constant exchange rates[1] fuelled by all the major names and led by a hugely successful Prada brand followed by a strong Armani and Ralph Lauren, proving that the luxury/branded segment remained healthy.

As for the Group's profitability, the adjusted[2] gross profit was Euro 8,243 million in the first semester of the year, at 64.1% of revenue, 20 basis points lower than H1 2022 at constant exchange rates[1] (30 basis points lower in current terms), with the rising cost of claims on the managed vision care more than offsetting the benefits of price/mix and manufacturing efficiencies.

The Group's operating expenses decreased from 46.1% of revenue in H1 2022 to 45.8% in the first semester of this year at constant exchange rates[1] (45.9% in current terms), thanks to a diligent cost management that largely compensated the headwinds deriving from the inflationary trends in particular on the cost of labor.
The adjusted[2] operating profit reached Euro 2,347 million at 18.3% of revenue, increasing by 8.8% at constant exchange rates[1] compared to H1 2022 (or 6.6% in current terms).

The adjusted[2] Group net profit amounted to Euro 1,655 million at 12.9% of revenue, increasing by 9.0% at constant exchange rates[1] compared to H1 2022 (or 6.9% in current terms).

In the first half of the year, the Group's operating profit and net profit directly stemming from the IFRS consolidated financial statements amounted to Euro 1,832 million and Euro 1,361 million respectively.

The consolidated free cash flow[5] amounted to Euro 954 million, +5% versus prior year.

The Company ended the period with Euro 1.69 billion in cash and cash equivalents and a net debt[6] of Euro 10.06 billion (including Euro 3.18 billion lease liabilities) compared to a net debt[6] of Euro 10.25 billion at the end of December 2022.

With regard to 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.

As for its carbon roadmap, the Group 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 already carbon neutral since the end of 2021.

EssilorLuxottica

Store Count on June 30, 2023

	North America	EMEA	Asia-Pacific	Latin America	Corporate Stores	Franchising & Other	Total Storecount
Sunglass Hut	1,686	609	314	404	3,013	199	3,212
LensCrafters	1,014		85		1,099	5	1,104
Vision Express		859			859	142	1,001
Apollo		680			680	222	902
Target Optical	569				569		569
MasVisión		72		459	531	7	538
Pearle		500			500	221	721
Générale d'Optique		387			387	296	683
OPSM			373		373	27	400
GMO				353	353		353
GrandVision		279		44	323	30	353
Atasun Optik		300			300	31	331
Oakley	186	14	74	21	295	80	375
Ray-Ban	35	50	130	43	258		258
Salmoiraghi & Viganò		251			251	28	279
Synoptik		249			249		249
GrandOptical		235			235	80	315
Luxoptica		218			218		218
Mujosh			135		135	383	518
Pearle Vision	109				109	461	570
MultiOpticas		107			107	112	219
Aojo			89		89	213	302
Bolon			54		54	167	221
Óticas Carol				24	24	1,418	1,442
All Others	244	1,223	134	747	2,348	138	2,486
Total EssilorLuxottica	**3,843**	**6,033**	**1,388**	**2,095**	**13,359**	**4,260**	**17,619**

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Long-Term 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.

EssilorLuxottica

Conference Call

A conference call in English will be held today at 6:30 pm CEST.
The meeting will be available live and may also be heard later at:
https://streamstudio.world-television.com/1217-2090-36555/en

Forthcoming Investor Event

- October 19, 2023: Q3 2023 Revenue

Notes

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

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.

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DISCLAIMER

This press release contains forward-looking statements that reflect EssilorLuxottica's current views with respect to future events and financial and operational performance. These forward-looking statements are based on EssilorLuxottica's beliefs, assumptions and expectations regarding future events and trends that affect EssilorLuxottica's future performance, taking into account all information currently available to EssilorLuxottica, and are not guarantees of future performance. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and EssilorLuxottica cannot guarantee the accuracy and completeness of forward-looking statements. A number of important factors, not all of which are known to EssilorLuxottica or are within EssilorLuxottica's control, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing EssilorLuxottica. Any forward- looking statements are made only as of the date of this press release, and EssilorLuxottica assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

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About EssilorLuxottica

EssilorLuxottica is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses. Formed in 2018, its mission is to help people around the world to see more and be more by addressing their evolving vision needs and personal style aspirations. The Company brings together the complementary expertise of two industry pioneers, one in advanced lens technology and the other in the craftsmanship of iconic eyewear, to set new industry standards for vision care and the consumer experience around it. Influential eyewear brands including Ray-Ban and Oakley, lens technology brands including Varilux and Transitions, and world-class retail brands including Sunglass Hut, LensCrafters, Salmoiraghi & Viganò and GrandVision are part of the EssilorLuxottica family. EssilorLuxottica has approximately 190,000 employees. In 2022, the Company generated consolidated revenue of Euro 24.5 billion. The EssilorLuxottica share trades on the Euronext Paris market and is included in the Euro Stoxx 50 and CAC 40 indices. Codes and symbols: ISIN: FR0000121667; Reuters: ESLX.PA; Bloomberg: EL:FP. For more information, please visit www.essilorluxottica.com.

First-half 2023 Management Report

Table of contents

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%**

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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%**

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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**