EssilorLuxottica

Q4/FY 2023 RESULTS

2023: another record year for EssilorLuxottica

- **Group revenue at constant exchange rates[1] +7.1% in Q4 and FY, third consecutive year >7%**
- **Nice acceleration in North America in Q4, EMEA keeping the sound pace of Q3**
- **Innovation as a key driver, with Stellest, Varilux XR and Ray-Ban Meta**
- **Frame portfolio strengthened with new brands, licenses growing double digits**
- **Nuance Audio disruptive innovation successfully presented at the CES in Las Vegas**
- **Adjusted[2] operating margin at 16.9% at constant exchange rates[1]**
- **Free cash flow[5] at Euro 2.4 billion in FY, after strong investments in operations, digital and AI technologies**
- **Dividend proposed at Euro 3.95 per share, up 22% vs 2022**
- **Advancing on people engagement, setting the Group's new values**

Charenton-le-Pont, France (February 14, 2024 - 6:00 pm) – The Board of Directors of EssilorLuxottica met on February 14, 2024 to approve the consolidated financial statements for the year ended December 31, 2023. These financial statements were audited by the Statutory Auditors whose audit report is in the process of being issued.

Francesco Milleri, Chairman and CEO, and Paul du Saillant, Deputy CEO at EssilorLuxottica commented: *"We're proud to share these strong results with our stakeholders, delivering another year above 7% revenue growth[1], including an acceleration in Q4, with every one of our regions doing its part. Our profitability remained strong, with a record adjusted[2] Group net profit close to 3 billion euros and free cash flow[5] at 2.4 billion. It was also a year of major investments: growing new product categories, with Stellest in myopia and Ray-Ban Meta in wearables, adding beloved brands like Moncler and Jimmy Choo to our portfolio, leveraging artificial and business intelligence, expanding our operations footprint and reinforcing the retail presence globally. This will support the evolution of the Company and the transformation of the industry over the next decade.*

Moreover, Nuance Audio's debut at CES created a resounding buzz around EssilorLuxottica and our disruptive proposition in the audio space that bridges two industries combining good vision and better hearing.

We also progressed on our sustainability roadmap, Eyes on the Planet, reaching carbon neutrality in Europe and continuing our journey to connect our communities around the world with a common culture and shared values, growing our employee shareholders globally to almost 80,000.

With all these positive results and momentum, we are confident that we will keep the pace and meet our long-term targets. After three years of strong results, the Board of Directors has unanimously agreed on the distribution of a dividend of Euro 3.95 per share."

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Q4 & FY Highlights

P&L key adjusted[2] data

Euro millions	FY 2023 Adjusted[2]	FY 2022 Adjusted[2]	Constant exchange rates[1]	Current exchange rates
Revenue	25,395	24,494	+7.1%	+3.7%
Gross Profit	16,090	15,606	+6.7%	+3.1%
% of revenue	*63.4%*	*63.7%*	*63.5%*	*63.4%*
Operating Profit	4,178	4,115	+7.7%	+1.5%
% of revenue	*16.5%*	*16.8%*	*16.9%*	*16.5%*
Group Net Profit	2,946	2,860	+9.4%	+3.0%
% of revenue	*11.6%*	*11.7%*	*11.9%*	*11.6%*

P&L key data

Euro millions	FY 2023	FY 2022	Constant exchange rates[1]	Current exchange rates
Revenue	25,395	24,494	+7.1%	+3.7%
Gross Profit	16,048	15,583	+6.6%	+3.0%
Operating Profit	3,176	3,157	+8.2%	+0.6%
Group Net Profit	2,289	2,152	+14.3%	+6.3%
EPS basic (Euro)	5.11	4.87		
EPS diluted (Euro)	5.08	4.83		

Group revenue by segment and region

Euro millions	FY 2023	FY 2022	Constant exchange rates[1]	Current exchange rates
Professional Solutions	12,199	11,770	+7.4%	+3.6%
Direct to Consumer	13,195	12,724	+6.9%	+3.7%
TOTAL REVENUE	**25,395**	**24,494**	**+7.1%**	**+3.7%**

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Euro millions	Q4 2023	Q4 2022	Constant exchange rates[1]	Current exchange rates
Professional Solutions	2,986	2,905	+8.1%	+2.8%
Direct to Consumer	3,264	3,201	+6.1%	+1.9%
TOTAL REVENUE	**6,250**	**6,106**	**+7.1%**	**+2.4%**

Euro millions	FY 2023	FY 2022	Constant exchange rates[1]	Current exchange rates
North America	11,637	11,492	+4.2%	+1.3%
EMEA	9,184	8,749	+8.2%	+5.0%
Asia-Pacific	3,036	2,842	+14.3%	+6.8%
Latin America	1,537	1,410	+9.9%	+9.0%
TOTAL REVENUE	**25,395**	**24,494**	**+7.1%**	**+3.7%**

Euro millions	Q4 2023	Q4 2022	Constant exchange rates[1]	Current exchange rates
North America	2,910	2,892	+5.9%	+0.6%
EMEA	2,150	2,086	+6.4%	+3.1%
Asia-Pacific	757	731	+10.3%	+3.6%
Latin America	433	398	+12.7%	+8.8%
TOTAL REVENUE	**6,250**	**6,106**	**+7.1%**	**+2.4%**

In 2023 EssilorLuxottica recorded its third consecutive year of revenue growth at constant exchange rates[1] above 7%. The full year closed at +7.1% year over year, after +7.5% in 2022 versus 2021[4] and +7.4% in 2021[4] versus 2019[4]. In terms of margins in 2023, the adjusted[2] Operating Profit and the adjusted[2] Group Net Profit grew respectively 7.7% and 9.4% at constant exchange rates[1] in a year where the inflationary headwinds impacted various cost items and in particular the cost of labor.

While the Group's integration journey is successfully moving ahead, the management's focus on innovation remains at the heart of its identity and strategy. This is epitomized by the success of two new product categories EssilorLuxottica has been developing, namely myopia management lenses (in particular Stellest) and smart glasses (Ray-Ban Meta, launched in September 2023). On top of that, and even more ambitiously, EssilorLuxottica is also looking at the new promising field of hearing aids, with the new disruptive concept of Nuance Audio glasses, addressing the mild-to-moderate hearing loss. The product was successfully presented at the CES in Las Vegas at the beginning of January 2024 and is up for the market launch in the second half of the year. In the course of 2023, EssilorLuxottica also launched the upgraded Varilux XR series, signed the agreement for new licenses with Jimmy Choo, Kodak (perpetual) and Moncler, and a co-branding agreement with Roger Federer for Oliver Peoples. On the retail side, the Group renewed its licensing agreement for Target Optical stores and signed a joint-venture agreement with Chalhoub Group to develop the retail business in the GCC area.

In the fourth quarter of last year, the Group posted revenue of Euro 6,250 million, up 7.1% year-on-year at constant exchange rates[1] (+2.4% in current terms), in acceleration versus the +5.2% of the third quarter of the year. The full year closed at Euro 25,395 million revenue, up 7.1% at constant exchange rates[1]. All the four regions and the two segments contributed to such a performance, reflecting the well balanced and diversified revenue model of the Group.

At the geographical level, the developing regions were the best performing in the quarter, both Asia-Pacific (+10.3% at constant exchange rates[1]) and Latin America (+12.7%) up double digits, respectively driven by the key markets of China and Brazil. The mature areas also contributed with North America (+5.9%) nicely accelerating versus the third quarter, driven by both wholesale and retail, and EMEA (+6.4%) confirming the sound pace of the previous quarter in both segments. The full year mirrored this picture with Asia-Pacific (+14.3%) and Latin America (+9.9%) growing faster than EMEA (+8.2%) and North America (+4.2%).

In terms of operating segments, the revenue performance of the two divisions in the quarter at +8.1% in Professional Solutions and +6.1% in Direct to Consumer at constant exchange rates[1] (+2.8% and +1.9% in current terms, respectively). On a full year basis, the performance followed a similar trend confirming a stable weight of the two divisions on the Group's total revenue, 48% for Professional Solutions and 52% for Direct to Consumer. The brick-and-mortar comparable-store sales[3] advanced by more than 5% in both the fourth quarter and the full year, with the optical business as the sole driver and sun just flat in both periods. E-commerce revenue closed just slightly positive in the quarter, in excess of Euro 1.65 billion in the full year (at 7% of the Group's total revenue).

As for products, all the categories were broadly aligned in terms of the full year revenue performance at constant exchange rates[1], with the only exception of just slightly positive Apparel-Footwear-Accessories (AFA). The business mix was confirmed with optical at approximately three-fourths and sun at approximately one-fourth of the Group's total revenue. In brands, Crizal and Varilux led the way in lenses, paired with Stellest which more than doubled in revenue. Frames were driven by both house brands, with Ray-Ban in line with the overall growth of the Group also supported by Ray-Ban Meta and licenses up in the mid-teens driven by the Prada and Armani brand families.

In terms of profitability, the Group's performance was temporarily more under pressure in 2023, due to surging inflation at the global economy level together with the major currency headwinds as well as the addition of costs to support the aforementioned new initiatives.
The adjusted[2] gross profit amounted to Euro 16,090 million in the full year, reaching 63.4% of revenue, 30 basis points lower than 2022 (or -20 basis points at constant exchange rates[1]).
The adjusted[2] operating profit reached Euro 4,178 million in the year, representing 16.5% of revenue, compared to 16.8% in 2022, a margin dilution of 30 basis points, while at constant exchange rates[1] the margin expanded by 10 basis points to 16.9% of revenue.
The adjusted[2] Group net profit amounted to Euro 2,946 million in the full year, representing 11.6% of revenue, compared to 11.7% in 2022, a margin dilution of 10 basis points, while at constant exchange rates[1] the margin expanded by 20 basis points to 11.9% of revenue.

The operating profit and the Group net profit directly stemming from the IFRS consolidated financial statements amounted to Euro 3,176 million and Euro 2,289 million respectively in the full year.
The consolidated free cash flow[5] amounted to Euro 2,394 million in the full year.

The Company ended the year with Euro 2.56 billion in cash and cash equivalents and a net debt[6] of Euro 9.10 billion (including Euro 3.24 billion lease liabilities) compared to a net debt[6] of Euro 10.25 billion at the end of December 2022.

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Store Count on December 31, 2023

	North America	EMEA	Asia-Pacific	Latin America	Corporate Stores	Franchising & Other	Total Storecount
Sunglass Hut	1,652	572	314	411	2,949	232	3,181
LensCrafters	1,014		87		1,101	5	1,106
Vision Express		855			855	152	1,007
Apollo		682			682	223	905
Target Optical	574				574		574
MasVisión		71		469	540	7	547
Pearle		509			509	218	727
Générale d'Optique		392			392	291	683
OPSM			377		377	25	402
GMO				351	351		351
GrandOptical		326			326	76	402
GrandVision		275		47	322	31	353
Oakley	187	13	78	25	303	79	382
Atasun Optik		299			299	33	332
Ray-Ban	37	53	131	44	265		265
Synoptik		248			248		248
Salmoiraghi & Viganò		247			247	24	271
Luxoptica		221			221		221
Mujosh			144		144	363	507
Aojo			109		109	151	260
Pearle Vision	108				108	462	570
MultiÓpticas		108			108	112	220
Bolon			72		72	182	254
Óticas Carol				24	24	1,426	1,450
All Others	260	1,113	132	735	2,240	131	2,371
Total EssilorLuxottica	**3,832**	**5,984**	**1,444**	**2,106**	**13,366**	**4,223**	**17,589**

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.

Dividend

The Board of Directors will recommend that shareholders, at the Annual Meeting to be held on April 30, 2024, approve the payment of a dividend of Euro 3.95 per share. Shareholders will be offered the option of receiving their dividend in cash or in newly issued shares (scrip dividend). The ex-date will be May 6, 2024 and the dividend will be paid – or the shares issued – as from June 3, 2024.

Buyback

At end of 2023, the Company holds 1,803,854 of its own shares (0.4% of the share capital), having bought 1,801,923 shares as part of the buy-back programs launched throughout 2023 and having delivered more than 2 million shares in the course of the year (performance share awards, stock-option plans and employee share ownership plans).

Employee Shareholding

The total number of the Group’s active employee shareholders, distributed in 86 countries, is currently 77,500, from 72,000 in 2022 and nearly 67,000 in 2021. The “Boost 2023” international shareholding plan reached a subscription rate of 67%.
This reflects the team's confidence in the Company's strategy and performance. Employee Shareholding is a cornerstone of EssilorLuxottica’s culture, aligning employees’ interests with those of the Group and other shareholders.

Mission

Uncorrected poor vision affects 2.7 billion people globally, with a disproportionate impact on vulnerable populations, hindering education, safety, and societal inclusivity. EssilorLuxottica, recognizing the transformative power of good vision, has a mission to help people around the world ‘see more and be more’.

In 2023, the OneSight EssilorLuxottica Foundation significantly scaled up global actions, accelerating progress against the Group’s ambition to help eliminate uncorrected poor vision in a generation. In collaboration with like-minded partners, the Foundation provided 177 million people with permanent access to vision care, dispensed more than 14 million pairs of eyeglasses to those in need and established more than 4,900 permanent access points, bringing vision care to areas where it was previously unavailable.

Notable achievements in 2023 included establishment of the Foundation in Latin America, aiming to provide vision care to 190 million beneficiaries living with uncorrected poor vision in the region. On World Sight Day, over 270,000 beneficiaries were screened as part of our global efforts, and 108,000 pairs of glasses were distributed in 49 countries. Over the course of the year, more than 3,800 EssilorLuxottica employees and 2,120 non-EssilorLuxottica volunteers supported the Foundation through traditional volunteering and skills-based initiatives, elevating the delivery of vision care in their respective regions.

Partnerships with influential celebrity ambassadors and marquee EssilorLuxottica brands reinforced the Foundation's role in aligning with global goals and emphasized the critical need for good vision in the journey toward a more equitable world.

Since 2013, the Foundation has established a presence in 130 countries globally, cumulatively providing vision care to over 762 million people, distributing eyeglasses to 71.8 million individuals, and establishing 27,700 rural optical points.

Sustainability

Since the launch of its Corporate Sustainability Program 'Eyes on the Planet' in 2021, EssilorLuxottica is continuing to deliver major results in each one of its strategic pillars – Carbon, Circularity, World Sight, Inclusion and Ethics - making further steps in embracing sustainability across its entire value chain.

Within the most significant accomplishments of 2023, the Group achieved the carbon neutrality target for its direct activities (Scopes 1 & 2 emissions) in Europe, after meeting it in Italy and France at the end of 2021. By continuing to improve energy efficiency across facilities and increase the self-production and use of renewable energy, EssilorLuxottica is setting the stage to become scopes 1 and 2 carbon neutral globally by 2025. Furthermore, the Group committed to setting near-term emissions reduction targets according to the Science-Based Targets initiative (SBTi), reinforcing its efforts of addressing climate change.

EssilorLuxottica's climate commitment aligns closely with its circularity goal throughout the value chain, leveraging sustainable innovation in materials, processes, products, and services. In 2023 the circularity approach extended to retail activities, promoting product longevity through in-store repairs, subscription models and the option to recycle or repurpose used eyewear. EssilorLuxottica is investing significantly in store-sustainability, focusing on energy efficiency, circular material use, waste management and a three-year plan for WELL certification in 400 stores across Europe and the US.

In line with its unwavering commitment to ethical standards, the Group updated its Code of Ethics and took a significant step by formulating a new Code of Conduct for business partners to establish harmonized practices, clarify expectations and ethical principles, along with protecting human and labor rights across the entire value chain. Moreover, the Company introduced its internal reporting system SpeakUp, as part of its broader ethical framework. This system not only empowers employees but also extends its reach to certain external stakeholders, providing a platform for them to confidentially report unethical or illegal behaviour.

In 2023, the Group's Leonardo learning platform embarked on a series of impactful initiatives across diverse regions, with the primary objective of fostering open dialogue among employees and to nurture an inclusive work environment. These efforts were aimed not only at advancing individual skill sets but also at promoting a workplace culture that values diversity, encourages communication and champions inclusivity.

Aligned with its dedication to promoting awareness regarding the significance of good vision, EssilorLuxottica's endeavors in 2023 encompass a collaborative campaign with the United Nations Special Envoy for Road Safety. The goal is to advocate for good vision among all road users. Additionally, the company undertook corporate citizenship actions directed at preserving cultural heritage. These initiatives involve making art more accessible to the broader public through innovative approaches.

In the early stages of 2024, EssilorLuxottica achieved a significant milestone in its cultural journey by setting its new values. In line with the Group’s open and inclusive business model, tens of thousands of employees actively engaged in shaping these values by responding to a questionnaire or participating in workshops. The cultural identity of the EssilorLuxottica's unified organization is essentially rooted in its innovation capabilities and its operating agility, as well as its people’s passion and inspiration from the Group's Mission.

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Conference Call

A conference call in English will be held today at 6:30 pm CET.
The meeting will be available live and may also be heard later at:
https://streamstudio.world-television.com/1217-2090-39016/en

Forthcoming Investor Event

- April 18, 2024: Q1 2024 Revenue
- April 30, 2024: Annual Shareholders' Meeting
- July 25, 2024: Q2 2024 Revenue and H1 2024 Results
- October 17, 2024: Q3 2024 Revenue

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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 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 at the beginning of the year (i.e. January 1). 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* and the *Financial debt 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 over 190,000 employees. In 2023, the Company generated consolidated revenue of Euro 25.4 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.

Excerpt from 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 year

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.

Update on licensed brands

On February 22, 2023, EssilorLuxottica announced that it had 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.

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.

On June 29, 2023, EssilorLuxottica and **Jimmy Choo** announced that they had 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.

On July 27, 2023, EssilorLuxottica and Eastman Kodak Company announced that they had signed a perpetual worldwide license agreement granting EssilorLuxottica the exclusive right to use the **Kodak** registered trademarks for products and services in connection with EssilorLuxottica's business. Under the terms of the new agreement, effective January 1, 2024, EssilorLuxottica will continue to develop, manufacture and distribute optical products and services featuring the Kodak brand indefinitely.

On November 22, 2023, EssilorLuxottica and **Moncler** announced the signing of an exclusive licensing agreement that includes the design, production, and global distribution of Moncler eyewear. The agreement will be in effect from January 2024 until December 2028, with an automatic renewal option for an additional five years. The first Moncler Lunettes collection produced with EssilorLuxottica will be Fall-Winter 2024, available from September 2024.

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 in 2023, as outlined in its "Eyes on the Planet" Sustainability program.

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 of America. 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 Gulf Cooperation Council (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 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, seamlessly embedding high-quality hearing technology into fashionable eyeglasses. 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. A prototype of the product was showcased at the Consumer Electronics Show (CES) in Las Vegas from January 9-12, 2024.

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. Nuance Audio is expected to launch in the market starting with North America in the second half of 2024.

[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

Share buyback program

On July 27, 2023, EssilorLuxottica announced the launch of its share buyback program reflecting the Group's confidence in its value creation and long-term prospects. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 3,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from July 27, 2023, up until March 31, 2024. As of December 31, 2023, 1,681,923 EssilorLuxottica shares were purchased for an average price of €173.42 per share. The shares so 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 plans. EssilorLuxottica launched this share buyback program in accordance to the 13th resolution approved by the Annual Shareholders' Meeting of May 17, 2023.

EssilorLuxottica is building the practice management platform of the future, a digital ecosystem to simplify the lives of ECPs

On September 25, 2023, EssilorLuxottica announced that it was taking another important step in the digitization of the eyecare industry with the launch of HELIX, a new division of the Company focused on helping ECPs leverage modern technology to improve the efficiency of their practices. Serving all of the ECP's digital needs in one intelligent, interconnected platform - from booking and ordering to teleoptometry and MVC - HELIX will help doctors to reduce the overwhelming amount of tech and administrative burdens found in today's practices. The first offering from HELIX, a next generation platform called Vision(X), will be available to US ECPs beginning in Q2 2024.

Ray-Ban and Meta launch the next generation of smart glasses

On September 27, 2023, Meta Platforms, Inc. and EssilorLuxottica introduced their next generation of smart glasses, the Ray-Ban Meta smart glasses, during the annual Meta Connect event. The new collection offers the first ever eyewear with live streaming and Meta AI built-in, higher quality camera, and improved audio and microphone systems paired with a redesigned, more intuitive app and charging case.

Consolidated revenue

EssilorLuxottica revenue

€ millions	2023	2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	11,637	11,492	4.2%	1.3%
of which Professional Solutions	5,337	5,243	4.8%	1.8%
of which Direct to Consumer	6,300	6,249	3.8%	0.8%
EMEA	9,184	8,749	8.2%	5.0%
of which Professional Solutions	3,949	3,802	6.9%	3.9%
of which Direct to Consumer	5,235	4,947	9.2%	5.8%
Asia-Pacific	3,036	2,842	14.3%	6.8%
of which Professional Solutions	2,088	1,943	15.0%	7.5%
of which Direct to Consumer	948	899	12.7%	5.4%
Latin America	1,537	1,410	9.9%	9.0%
of which Professional Solutions	825	781	8.8%	5.5%
of which Direct to Consumer	712	629	11.3%	13.2%
REVENUE	**25,395**	**24,494**	**7.1%**	**3.7%**

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, independent opticians, 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	2023	2022	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	12,199	11,770	7.4%	3.6%
Direct to Consumer	13,195	12,724	6.9%	3.7%
REVENUE	**25,395**	**24,494**	**7.1%**	**3.7%**

€ millions	Q4 2023	Q4 2022	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	2,986	2,905	8.1%	2.8%
Direct to Consumer	3,264	3,201	6.1%	1.9%
REVENUE	**6,250**	**6,106**	**7.1%**	**2.4%**

Fourth-quarter revenue by operating segment

Professional Solutions

The Professional Solutions segment recorded revenue of € 2,986 million, up 8.1% at constant exchange rates[1] compared to the fourth quarter of 2022 (+2.8% at current exchange rates).

North America gained strong momentum, advancing at mid-single digit after two quarters of low-single-digit growth, with all main product categories contributing. EMEA progressed similarly to the previous quarter at mid-single digit, growing across all major countries. Both regions successfully leveraged the introduction of the Varilux XR series. Asia-Pacific continued to expand at double digits, with Mainland China leading the way, boosted by Stellest lenses and Bolon frames. Latin America was up in the mid teens, with Brazil rebounding at double digits. The segment performance overall was sustained by all the product categories and brands, in both lenses and frames.

Direct to Consumer

The Direct to Consumer segment recorded revenue of € 3,264 million, up 6.1% at constant exchange rates[1] compared to the fourth quarter of 2022 (+1.9% at current exchange rates). Brick-and-mortar comparable-store sales[3] rose slightly in excess of 5% in the quarter, while e-commerce closed just a touch positive.

On a regional basis, comparable-store sales[3] turned positive in North America, thanks to the accelerating optical banners and less negative sun. EMEA optical kept the 9% pace of the previous quarters, helped by the revenue synergies at the former GrandVision banners, and sun retail banners grew close to double digits, in acceleration from the previous quarter. Comparable-store sales[3] in Asia-Pacific slowed down to mid-single digit, mostly due to contracting sun in Australia. Latin America confirmed its high-single-digit increase, keeping the pace of the previous quarter in both optical and sun.

Full-year revenue by operating segment

Professional Solutions

The Professional Solutions segment recorded revenue of € 12,199 million, up 7.4% at constant exchange rates[1] compared to 2022 (+3.6% at current exchange rates), once again topping the growth rate of the prior year. The segment represented 48% of the Group's total revenue in 2023.

During the year, all regions continued to grow at a healthy pace. The performance was driven by the double-digit rise in Asia-Pacific across categories, bouncing back to growth from February thanks to the reopening of China, where Stellest more than doubled its sales again for the second year. The other fast-growing region, Latin America, rose high-single digit. The robust performance also relied on the solid growth in the mature markets of EMEA and North America, up mid-to-high-single digit and mid-single digit, respectively. The former posted positive performance across channels and was driven by branded lenses and luxury sunglasses. Performance of the latter was supported by solid key accounts and independent ECPs, credit to the success of alliances and partner programs and thanks to the newly launched Varilux XR. All categories contributed positively to the growth with the exception of sunglasses in North America, however more than offset by the strong performance of sunglasses in the other regions.

Direct to Consumer

The Direct to Consumer segment recorded revenue of € 13,195 million, up 6.9% at constant exchange rates[1] compared to 2022 (+3.7% at current exchange rates), driven by the solid growth in optical. The segment accounted for 52% of the Group's total revenue in 2023.

On a full-year basis, brick-and-mortar comparable-store sales[3] was up mid-single digit. After a nice debut in the first quarter, comparable-store sales[3] slowed down with the sun network turning negative especially in its peak season of the second and the third quarters. Sun banners closed the year overall flattish, as the negative performance in North America was offset by the solid performance in other regions, especially in EMEA. The optical banners performed steadily well throughout the year. Overall, EMEA, Latin America and Asia-Pacific all delivered strong growth with comparable-store sales[3] each up almost 10%, while North America was slightly negative impacted by the weak Sunglass Hut. The online business was flattish, overall representing 7% of the Group's total revenue.

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	2023	2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	11,637	11,492	4.2%	1.3%
EMEA	9,184	8,749	8.2%	5.0%
Asia-Pacific	3,036	2,842	14.3%	6.8%
Latin America	1,537	1,410	9.9%	9.0%
REVENUE	**25,395**	**24,494**	**7.1%**	**3.7%**

€ millions	Q4 2023	Q4 2022	Change at constant exchange rates[1]	Change at current exchange rates
North America	2,910	2,892	5.9%	0.6%
EMEA	2,150	2,086	6.4%	3.1%
Asia-Pacific	757	731	10.3%	3.6%
Latin America	433	398	12.7%	8.8%
REVENUE	**6,250**	**6,106**	**7.1%**	**2.4%**

Fourth-quarter revenue by geographical area

North America

North America posted revenue of € 2,910 million, up 5.9% at constant exchange rates[1] compared to the fourth quarter of 2022 (+0.6% at current exchange rates), with both divisions accelerating versus the previous quarter.

Professional Solutions was up mid-single digit. Branded lenses delivered strong results across the board led by Varilux as the best performer. The solid ramp up in distribution of the new XR series led to a positive effect on the growth of the entire Varilux portfolio. On the frame side, the performance of the luxury portfolio remained solid, while Ray-Ban accelerated following the successful launch of the upgraded Ray-Ban Meta smart glasses and the selective price increases implemented at mid-year. Contact lenses kept the positive trend. The overall growth was well balanced between the independent channel and key accounts.

Direct to Consumer was up mid-single digit. The solid performance was driven by the optical business fully prepared to execute effectively during the year-end peak season. The insured customer and favorable price-mix supported the performance at LensCrafters, Target and Pearle, all accelerating compared to the previous quarter. EyeMed underpinned the results confirming its double-digit sales trajectory. Overall, the resilience of the optical business once again successfully counterbalanced the negative performance of Sunglass Hut, which continued to suffer albeit to a lesser degree compared to the previous quarter. The lackluster demand for discretionary sunglasses also impacted the e-commerce channel which was down low-single digit.

EMEA

EMEA posted revenue of € 2,150 million, up 6.4% at constant exchange rates[1] compared to the fourth quarter of 2022 (+3.1% at current exchange rates), fundamentally in line with the previous quarter and with both divisions equally contributing.

Professional Solutions was up mid-single digit. The segment continued to successfully leverage its well diversified geographical footprint. The mature markets kept marching at a sound pace led by France, Italy and Spain, while the developing markets consistently expanded at a faster rate. The lens business remained dynamic powered by its branded product offering. Varilux was supported by the extended roll-out of the new XR series supporting the favorable price-mix. The frame business continued to be an important growth engine bolstered by the new products, such as Ray-Ban Meta and the new Swarovski collection.

Direct to Consumer was up mid-single digit. Comparable-store sales[3] in optical grew 9% confirming the strong trend of the previous quarters. The excellent results were bolstered by the progressing integration of the former GrandVision banners with reviewed assortments in lenses and frames leading to a higher quality product offering, and the pursuit of successful initiatives such as the optical subscription model reaching nine countries in 2023. Overall, Vision Express (UK), Générale d'Optique (France), Salmoiraghi & Viganò (Italy) and Synoptik (Scandinavia) were the best performing banners. The sun business rebounded strongly from the previous quarter leveraging the successful launch of Ray-Ban Meta and more favorable weather conditions.

Asia-Pacific

Asia-Pacific posted revenue of € 757 million, up 10.3% at constant exchange rates[1] compared to the fourth quarter of 2022 (+3.6% at current exchange rates), delivering the fourth consecutive quarter of double-digit revenue growth in the year.

Professional Solutions was up double digits. In addition to the favorable comparison base, China grew strongly in its underlying business. The lens category achieved excellent results with Stellest as the protagonist, more than doubling its revenues again. The frame business achieved robust growth with a booming Bolon brand. India, Japan and South Korea delivered a solid performance.

Direct to Consumer was up high-single digit. Comparable-store sales[3] in optical progressed in line with the previous quarter confirming positive trends at OPSM and double-digit growth at the Chinese business. Sunglass Hut turned negative in Australia but maintained the double-digit pace in the rest of the region.

Latin America

Latin America posted revenue of € 433 million, up 12.7% at constant exchange rates[1] compared to the fourth quarter of 2022 (+8.8% at current exchange rates), rebounding strongly from the soft performance of last year.

Professional Solutions was up in the mid teens. The performance was driven by a vibrant Brazil, thanks to the recovery in the lens business, and a solid Mexico. In the region as a whole, Varilux and Kodak firmly supported the growth of the lens category, while on the frame side, Ray-Ban continued to thrive.

Direct to Consumer was up high-single digit. The optical banners expanded at double digits in comparable-store sales[3] fueled by the further integration of the former GrandVision banners in Mexico, while GMO kept a positive growth. Comparable-store sales[3] at Sunglass Hut progressed in line with the previous quarter at a mid-single-digit pace.

Full-year revenue by geographical area

North America

North America posted revenue of € 11,637 million, up 4.2% at constant exchange rates[1] compared to 2022 (+1.3% at current exchange rates), in line with the growth of the year before.

The Professional Solutions division grew mid-single digit. The growth was supported by Varilux and Shamir as the best performers for lenses, while Ray-Ban and the license brands drove the results for frames. Independent ECPs, especially those supported by the partner program EssilorLuxottica 360, drove the growth together with key accounts.

Direct to Consumer was up mid-single digit. During the whole of 2023, the optical banners experienced a positive momentum and supported the growth together with the strong performance of the managed vision care division. Sunglass Hut witnessed continuous weakened demand throughout the year despite a slightly less negative trend in the fourth quarter.

EMEA

EMEA posted revenue of € 9,184 million, up 8.2% at constant exchange rates[1] compared to 2022 (+5.0% at current exchange rates), on top of double digits last year, becoming the greatest contributor to the overall growth of the Group in 2023.

The Professional Solutions division was up mid-to-high-single digit. With the help of a favorable price mix, all categories posted growth in the year. The sunglasses category continued to drive the growth especially the luxury licensed brands led by Prada. Newly launched Varilux XR was very well received by the market, like Stellest in its first steps in the region. From a channel perspective, independent ECPs and key accounts led the growth.

The Direct to Consumer division grew high-single digit sustained by the progressing integration of GrandVision. Sun grew strongly closing the year at a double-digit pace. On the optical side, Vision Express (UK) and Salmoiraghi & Viganò (Italy) were the fastest growing banners.

Asia-Pacific

Asia-Pacific posted revenue of € 3,036 million, up 14.3% at constant exchange rates[1] compared to 2022 (+6.8% at current exchange rates) led by Greater China, on the fast track starting from February thanks to the reopening.

Professional Solutions was up double digits. The rebound of Greater China came with strong growth across channels and products and was highlighted by Stellest more than doubling revenues for the second consecutive year. On the frame side, luxury licenses, Ray-Ban, Oakley and local brand Bolon were the top performers. India, Japan and South Korea also posted sound growth.

The Direct to Consumer division grew double digits, supported by a positive performance in OPSM and a strong Greater China with comparable-store sales[3] up double digits. Sunglass Hut grew solidly in the region, driven by the strong performance in South-East Asia and Greater China.

Latin America

Latin America posted revenue of € 1,537 million, up 9.9% at constant exchange rates[1] compared to 2022 (+9.0% at current exchange rates), on top of a tough comparison base of last year.

The Professional Solution division was up high-single digit on top of double digits last year, supported by Brazil and Mexico. Both lens and frame sustained the growth, marked by the strong performance of Varilux and Ray-Ban, respectively.

Direct to Consumer posted double-digit growth for the second consecutive year, driven by the optical banners, up double digits in comparable-store sales[3]. The Mexican optical banners drove the growth fueled by the integration efforts, while GMO posted positive momentum. Sun posted mid-single-digit growth in comparable-store sales[3] across the region.

Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica consolidated statement of profit or loss

€ millions	**2023**	**2022**	**Change**
Revenue	25,395	24,494	3.7%
Cost of sales	(9,347)	(8,910)	4.9%
GROSS PROFIT	**16,048**	**15,583**	**3.0%**
% of revenue	*63.2%*	*63.6%*	
Total operating expenses	**(12,871)**	**(12,427)**	**3.6%**
OPERATING PROFIT	**3,176**	**3,157**	**0.6%**
% of revenue	*12.5%*	*12.9%*	
PROFIT BEFORE TAXES	**3,035**	**3,032**	**0.1%**
% of revenue	*12.0%*	*12.4%*	
Income taxes	(609)	(751)	-18.9%
Effective tax rate	*20.1%*	*24.8%*	
NET PROFIT	**2,426**	**2,281**	**6.4%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,289**	**2,152**	**6.3%**

The table above shows the performance of EssilorLuxottica activities in 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 3.7% compared to 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 4.9% variation at current exchange rates versus 2022 leading to a decrease in the *Gross profit* margin (63.2% versus 63.6% in 2022). Favorable price-mix and manufacturing efficiencies were broadly offset by inflation on labor and energy, coupled with a negative impact from the foreign exchange. Moreover, the *Gross profit* was affected by a non-recurring 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 amortization resulting from the recognition of intangible assets following the purchase price allocation related to the strategic and material acquisitions performed by the Group (such as the combination between Essilor and Luxottica and the acquisition of GrandVision), for an overall effect close to €1 billion both in 2023 and 2022. 2023 performance (an increase of operating expenses of 3.6% 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 12.5% of revenue, showing a decline compared to 2022 due to the above impacts and the headwinds in terms of foreign exchange.
- *Net profit* significantly increased to €2,426 million from €2,281 million reported in 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 consolidated 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 consolidated 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 year under review compared to previous years, 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 consolidated statements of profit or loss for the twelve-month periods ended December 31, 2023.

In continuity with previous years, in 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	**2023**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**2023 Adjusted[2]**
Revenue	25,395			25,395
Cost of sales	(9,347)	10	32	(9,305)
GROSS PROFIT	**16,048**	**10**	**32**	**16,090**
% of revenue	*63.2%*			*63.4%*
Total operating expenses	**(12,871)**	**879**	**80**	**(11,912)**
OPERATING PROFIT	**3,176**	**889**	**112**	**4,178**
% of revenue	*12.5%*			*16.5%*
Cost of net debt and other*	(141)	(3)	—	(144)
PROFIT BEFORE TAXES	**3,035**	**886**	**112**	**4,033**
% of revenue	*12.0%*			*15.9%*
Income taxes	(609)	(181)	(147)	(938)
NET PROFIT	**2,426**	**704**	**(35)**	**3,095**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,289**	**691**	**(34)**	**2,946**

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

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

- GrandVision integration (approximately €72 million), which includes the closing of the Schiphol headquarters 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 €40 million), *Selling* and *Advertising and marketing* expenses (€10 million), and *Cost of sales* (€22 million);
- the settlement of a significant class action in the US (€19 million) whose effect was recognized in *General and administrative* expenses;
- several restructuring initiatives, primarily in the lens business, aimed at rationalizing the manufacturing, logistic and laboratories footprint (approximately €34 million); the related effects were recognized in *Cost of sales* (€10 million), *General and administrative* expenses (€12 million) and other operating expenses lines (€12 million);
- positive effects resulting from the M&A activity for approximately €24 million, mainly 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 (€115 million).

Adjusted[2] consolidated statement of profit or loss

€ millions	2023 Adjusted [2]	2022 Adjusted [2]	Change at constant exchange rates[1]	Change at current exchange rates
Revenue	25,395	24,494	7.1%	3.7%
Cost of sales	(9,305)	(8,888)	7.9%	4.7%
GROSS PROFIT	**16,090**	**15,606**	**6.7%**	**3.1%**
% of revenue	*63.4%*	*63.7%*		
Research and development	(333)	(343)	-1.3%	-2.9%
Selling	(7,502)	(7,190)	7.2%	4.3%
Royalties	(246)	(219)	16.2%	12.7%
Advertising and marketing	(1,700)	(1,692)	3.0%	0.5%
General and administrative	(2,126)	(2,045)	6.3%	4.0%
Other income/(expenses)	(4)	(3)	-12.0%	57.5%
Total operating expenses	**(11,912)**	**(11,491)**	**6.4%**	**3.7%**
OPERATING PROFIT	**4,178**	**4,115**	**7.7%**	**1.5%**
% of revenue	*16.5%*	*16.8%*		
Cost of net debt and other *	(144)	(129)	14.4%	11.9%
PROFIT BEFORE TAXES	**4,033**	**3,986**	**7.5%**	**1.2%**
% of revenue	*15.9%*	*16.3%*		
Income taxes	(938)	(978)		
Effective tax rate	*23.25%*	*24.5%*		
NET PROFIT	**3,095**	**3,007**	**9.4%**	**2.9%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**2,946**	**2,860**	**9.4%**	**3.0%**

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

Revenue for the year totaled €25,395 million, an increase of 7.1% at constant exchange rates[1] (+3.7% at current exchange rates).

Adjusted[2] *Gross profit:* +6.7% at constant exchange rates[1] (+3.1% at current exchange rates)
Adjusted[2] *Gross profit* in 2023 ended at €16,090 million, representing 63.4% of revenue (compared to 63.7% of revenue in 2022). The main drivers of the *Gross margin* dilution are the inflation, mainly on labor, the higher insurance claim costs in North America and the impact of some strategic investments in operations, partially offset by the favorable price-mix.

Adjusted[2] *Operating expenses:* +6.4% at constant exchange rates[1] (+3.7% at current exchange rates)
Adjusted[2] *Operating expenses* amounted to €11,912 million in 2023, translating to 46.9% of revenue (46.9% in 2022).

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

- *Selling* expenses amounting to €7,502 million, an increase of 7.2% at constant exchange rates[1] compared to 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 €1,700 million, increased of approximately 3.0% on a constant exchange rates[1] basis due to the specific investments supporting the launch of new products like RayBan META and Varilux XR and the introduction of Swarovski, Brunello Cucinelli, Ferrari, Jimmy Choo and Roger Federer collections. Marketing spending was also boosted by luxury brands performance.

- *General and administrative* expenses amounting to €2,126 million, increased of 6.3% at constant exchange rates[1] compared to 2022, due to increasing inflationary pressure and investments in the Group IT infrastructure, offsetting the synergies coming from GrandVision integration.

Adjusted[2] *Operating profit:* +7.7% at constant exchange rates[1] (+1.5% at current exchange rates)

The Group posted an adjusted[2] *Operating profit* of €4,178, representing 16.5% of revenue compared to 16.8% in 2022 (16.9% at constant exchange rates[1], an improvement of approximately 10 basis points compared to 2022).

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

The adjusted[2] *Cost of net debt and other* increased compared to 2022 due to higher interest on lease liabilities (recognized according to lease accounting as per IFRS 16) while the cost of *Net debt excluding lease liabilities* decreased significantly by 70.0% at constant exchange rate[1] compared to 2022.

Adjusted[2] *Income taxes*

EssilorLuxottica reported an adjusted[2] tax rate of 23.25% in 2023 compared to an adjusted[2] tax rate of 24.5% in 2022.

Adjusted[2] *Net profit attributable to owners of the parent* up 9.4% at constant exchange rates[1] (+3% 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	**December 31, 2023**	**December 31, 2022**
Goodwill	30,265	30,734
Intangible assets	11,014	12,122
Property, plant and equipment	5,182	4,747
Right-of-use assets	3,069	3,010
Investments in associates	81	83
Other non-current assets	803	817
Fixed Assets	**50,415**	**51,512**
Trade working capital	**3,306**	**3,189**
Employees benefits and provisions	**(1,010)**	**(1,016)**
Tax receivables/(payables)	(290)	(451)
Deferred tax assets/(liabilities)	(1,758)	(1,970)
Tax assets/(liabilities)	**(2,048)**	**(2,421)**
Other operating assets/(liabilities)	**(2,673)**	**(2,871)**
Assets / (liabilities) held for sale	**—**	**—**
NET INVESTED CAPITAL	**47,990**	**48,392**
EQUITY	**38,891**	**38,147**
NET DEBT	**9,098**	**10,246**

Fixed assets amount to €50,415 million and decreased by €1,097 million compared to December 31, 2022. The main variances in the categories of fixed assets are mentioned below.

i. *Goodwill*: goodwill decreased by €469 million, of which €566 million due to foreign currency fluctuations, partially offset by an increase of €97 million resulting from the business combinations completed in the year, in particular, the one related to Nuance Hearing.

ii. *Intangible assets*: the negative variance by €1,107 million is mainly driven by the amortization of the period, for €1,304 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) partially offset by new additions for €315 million largely related to licenses, software and R&D projects.

iii. *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the period amounts to €495 million. The additions of the period (capital expenditure, for approximately €1,245 million, as well as the recognition of new *Right-of use assets* in connection with lease contracts signed in 2023, for €1,052 million) were counterbalanced by the depreciation and impairment of the period amounting to €1,662 million. The main additions in *Property, plant and equipment* were related to the expansion of the Group's manufacturing footprint with the new plants and labs in Thailand, Mexico and France, as well as to the improvement and renewal of the retail store network.

Trade working capital (i.e. the sum of inventories, trade receivables and trade payables) increased by €117 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 (€2,289 million); its balance was also affected by the dividend distribution of the period that led to a decrease of €598 million, of which €487 million paid to EssilorLuxottica's shareholders who did not opt for the scrip dividend (see paragraph *Significant events of the year*) and €110 million distributed to minorities shareholders of the Group's subsidiaries. Share-based payments also affected the final balance (€195 million increase) as well as the net sale/(net purchase) of treasury shares (€274 million decrease).

Net debt decreased by €1,147 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 consolidated 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	**2023**	**2022**
Net cash flow provided by operating activities (a)	4,861	4,783
Purchase of property, plant and equipment and intangible assets (a)	(1,531)	(1,572)
Cash payments for the principal portion of lease liabilities (a)	(936)	(955)
FREE CASH FLOW	**2,394**	**2,256**
Operating profit (b)	3,176	3,157
Depreciation, amortization and impairment (a)	2,972	2,970
EBITDA	**6,148**	**6,127**
NET DEBT (c)	**9,098**	**10,246**
NET DEBT / EBITDA LTM (d)	**1.5**	**1.7**

(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 19 – *Financial debt* of the Notes to the consolidated financial statements. Its components are also reported in the *Net debt* paragraph below.
(d) EBITDA LTM = Last Twelve Months.

Net debt

Group *Net debt excluding lease liabilities* amounted to €5,859 million at the end of December 2023, decreasing by over €1.2 billion compared to the position at the end of December 2022. Lease liabilities as of the end of December 2023 were broadly aligned with the balance at the end of 2022.

€ millions	December 31, 2023	December 31, 2022
Non-current borrowings	6,559	7,858
Current borrowings	1,858	1,164
TOTAL LIABILITIES	**8,417**	**9,022**
Short-term investments	—	—
Cash and cash equivalents	(2,558)	(1,960)
TOTAL ASSET	**(2,558)**	**(1,960)**
Financial debt derivatives at fair value	(0)	1
NET DEBT EXCLUDING LEASE LIABILITIES	**5,859**	**7,063**
Lease liabilities (current and non-current)	3,239	3,182
NET DEBT	**9,098**	**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	2023	2022
EBITDA	**6,148**	**6,127**
Changes in trade working capital [a]	(300)	(251)
Capital expenditure	(1,531)	(1,572)
Lease payments (excluding interests) [b]	(936)	(955)
Other cash flow from operations	(987)	(1,093)
FREE CASH FLOW	**2,394**	**2,256**
Dividends paid	(598)	(595)
Acquisitions net of cash acquired	(114)	(965)
Other changes in equity	(301)	(1,068)
Other changes in financial and non-financial assets	(78)	(83)
Changes in borrowings (excluding FX)	(590)	(962)
NET CASH FLOW	**712**	**(1,417)**

(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 €1,531 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 year, and, to a lesser extent, price supplements and/or deferred payments on acquisitions completed in prior years. The cash-out incurred in 2023 is significantly lower than the prior year when major acquisitions were completed, namely Walman, SightGlass Vision and Fedon.

The line *Other changes in equity* includes, among the others, the effects of transactions with non-controlling interest (which were material for the Group in 2022 due to the acquisition of the full ownership of the Shamir group of companies) as well as the cash-out related to the share buyback program, compensated by the cash-in related to share capital increases and the exercise of stock options (€271 million in 2023, €431 million in the previous year).

The flows reported in *Other changes in financial and non-financial assets* for 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 2023, EssilorLuxottica continued to pursue its M&A strategy in selected businesses and geographies.

In February 2023, EssilorLuxottica completed the acquisition of Nuance Hearing, a startup developing highly effective solutions in the field of acoustic beamforming technology.

Other transactions closed during the year include minority buyouts and minority or majority stake acquisitions of companies operating across the eyecare and eyewear space.

Mission and sustainability

To help people 'see more and be more'

EssilorLuxottica's legacy is rooted in a commitment to vision care innovation and a deep understanding of the transformative power of good vision. The Group's Mission is to help people around the world 'see more and be more'. It drives its strategy and inspires its approach to sustainable development as well as its ambition to help eliminate uncorrected poor vision in a generation.

The Group's groundbreaking products correct, protect and frame the beauty of the most precious and powerful sensory organ: the eyes. By combining expertise in lens technology and eyewear manufacturing with a portfolio of brands consumers love and global distribution capabilities, EssilorLuxottica enables people everywhere to learn, work, express themselves and fulfil their potential.

A lack of awareness and access has led to a global vision crisis with severe social and economic consequences for billions of people. Beyond serving the evolving needs and changing lifestyles of the 2 billion people[a] who wear glasses today, EssilorLuxottica is inventing new ways to reach the 2.7 billion people[b] who suffer from uncorrected poor vision and the 6.2 billion people[a] who do not protect their eyes from harmful rays. Moreover by 2050, over 50% of the world's population[c] is expected to suffer from myopia, a figure likely to be reinforced by multiple years of pandemic-related lifestyle changes.

As a powerful advocate for the vision cause, a passionate campaigner for greater awareness and a pioneering innovator with solutions and styles that bring ever-greater improvement, EssilorLuxottica is deeply dedicated to elevating the importance of good vision as both a basic human right and a key lever for global development. The socio-economic implications of uncorrected poor vision are indeed profound. Without access to vision care and eyeglasses for those who need it, individuals face barriers to education and employment, perpetuating cycles of poverty and limiting their potential.

Following the launch of its landmark roadmap 'Eliminating Poor Vision in a Generation', EssilorLuxottica remains committed to advocating for the fundamental 'Right to See' recognizing its crucial role in global progress. This aligns with the 2021 UN resolution, 'Vision for Everyone', which unanimously aims to achieve global accessibility by 2030. The inclusion of eyecare in UN Sustainable Development Goals (SDGs) supports the Group's own goals and sustainable actions to help eliminate poor vision in a generation. To make this ambition a reality, in 2023 EssilorLuxottica remained focused on:

Powering vision. The Group continued to make strides toward the 'Vision for Everyone' resolution and its goal to help eliminate uncorrected poor vision in a generation through its OneSight EssilorLuxottica Foundation, which unites the Group's global advocacy and philanthropic actions, and the power and commitment of EssilorLuxottica, its employees and partners. Last year, the OneSight EssilorLuxottica Foundation radically scaled up and accelerated global actions to bring vision care to everyone around the world, including people in underserved communities. Since 2013, the Group, along with its partners, has created permanent access to vision care for over 762 million people, equipping 71.8 million people in underserved regions with eyeglasses and creating rural livelihoods in vision care through 27,700 rural optical points. Critical milestones in 2023 also included the establishment of the Foundation in Latin America, uniting the Group's long-standing philanthropy and advocacy initiatives in the region. Based in Bogotá, in Colombia, the Latin American affiliate of the Foundation and its partners focus on executing vision care programs and forging high-impact alliances to serve the estimated 190 million underprivileged people across the region. On the sidelines of the United Nations General Assembly (UNGA), the OneSight EssilorLuxottica Foundation raised awareness on the global lack of access to eyeglasses and the commitment to deliver high-quality vision care services, reinforcing how vision correction is a catalyst for social and economic development. On World Sight Day 2023, the OneSight EssilorLuxottica Foundation drew global attention to the significance of vision care. More than 270,000 beneficiaries were screened through vision clinics in 49 countries, resulting in the distribution of approximately 110,000 pairs of glasses. Facilitating these efforts, on World Sight Day and during the year, were over 3,878 dedicated EssilorLuxottica volunteers who actively contributed to the screening process, dispensed glasses and interacted with beneficiaries, ensuring a seamless and impactful vision care experience, among other contributions. Also, to elevate awareness on the importance of good vision, the Foundation continued to partner with influential ambassadors. These included Oakley athletes

Diamond DeShields from Dallas Wings of the Women's National Basketball Association (WNBA); Rohit Sharma, the captain of the Indian cricket team; Kylian Mbappé, the French football superstar; Li Zhixuan, the Chinese National Marathon runner; as well as Italo Ferreira, a Brazilian surfer and Olympic gold-medalist. Their support has proven instrumental in driving the Mission forward, especially in regions where awareness on the importance of wearing glasses is low, and stigma against wearing glasses is high. In realizing EssilorLuxottica's ambition to eliminate uncorrected poor vision in a generation, the OneSight EssilorLuxottica Foundation plays a crucial role. By aligning with global goals set out by the United Nations (UN) and the World Health Organization (WHO), the Foundation contributes to creating a clearer future for millions, emphasizing the critical need for clear sight in our journey toward a more equitable world.

Powering style. Combining the best in advanced lens technology with beautifully crafted and branded frames turns a necessary medical device into an accessory that not only fits and functions well, but also serves as a true expression of personal style. Eyewear, worn up to 18 hours a day, is the most visible fashion accessory and has become part of our cultural fabric. From the moment frame meets face, there is a sense of authenticity, creativity and confidence that consumers have come to love. Because of the power they exert, each pair of EssilorLuxottica frames is considered as a little work of art, from its first sketches to final handcrafted details. Every frame illustrates the passion, skill and commitment of EssilorLuxottica's people who are dedicated to making the best eyewear possible.

[a] EssilorLuxottica estimates.

[b] Essilor International, *Eliminating Uncorrected Poor Vision in a Generation*. Essilor International. 2019: 15.

[c] Brien Holden Institute.

Approach to to Sustainable Development: Eyes on the Planet

In 2021, EssilorLuxottica launched its ambitious, far-sighted Group-wide Corporate Sustainability program, titled **Eyes on the Planet**, aimed at embracing sustainability across its entire ecosystem, including employees, suppliers, partners and customers. This program includes concrete actions that support five strategic pillars – Carbon, Circularity, World Sight, Inclusion and Ethics.

- **Eyes on Carbon**: While setting the stage to achieve carbon neutrality for its global direct activities (Scopes 1 & 2 emissions) by 2025, last year EssilorLuxottica reached its target in Europe, after meeting it in its two historic home countries, Italy and France, at the end of 2021. This achievement is thanks to a far-sighted strategy of improving energy efficiency across facilities, increasing the self-production and use of renewable energy through the corporate Power Purchase Agreement (PPA) signed by the Group for the sourcing of wind electricity in Italy, and ultimately supporting carbon reduction projects beyond its value chain, such as the protection and restoration of natural ecosystems. To reinforce its efforts on climate change, in 2023 the Company committed to setting near-term emissions reduction targets according to the Science-Based Targets initiative (SBTi). This represents another step forward to deploy its carbon strategy by reducing the carbon footprint across its operations and along its value chain.
- **Eyes on Circularity**: EssilorLuxottica's climate commitment is deeply intertwined with its circularity goal along the value chain, leveraging its sustainable innovation expertise across its materials, processes, products and services. In 2023, the Group continued to work on the technical levers that support the circularity of sources, such as a continuous shift from fossil-based materials to bio-based materials, along with its ability to recycle industrial waste internally or through external partners, resulting in further enrichment of its sustainable product offering. EssilorLuxottica's approach to circularity encompasses its Direct-to-Consumer business as well. The Company's brick and mortar activities are becoming central in encouraging consumers to extend product life through circular services like in-store repairs, subscription models and the possibility of bringing used eyewear back to be recycled or repurposed. To advance in-store sustainability, EssilorLuxottica has embarked on an ambitious roadmap that includes major investments in retail related to energy efficiency, building less and better, circularity in the use of materials and waste management, as well as the implementation of a three-year plan aimed at obtaining the WELL certification for 400 stores in both Europe and the US.

- **Eyes on Ethics**: The Group's vertically integrated business model is key to delivering and ensuring a fair and ethical business approach wherever the Company operates. Reinforcing its ethics efforts, in 2023 EssilorLuxottica updated its Code of Ethics and developed a Code of Conduct for business partners to establish harmonized practices, clarify expectations and ethical principles, along with protecting human and labor rights across the entire value chain. Furthermore, EssilorLuxottica launched its internal reporting system SpeakUp where both employees and external stakeholders can report potential concerns and violations. Supply chain efficiency is a constant priority and to further enhance it the Group unified existing initiatives into one single EssilorLuxottica Responsible sourcing program based on pillars like Labor and Human Rights, Health&Safety, Environment, Governance and Ethics.
- **Eyes on Inclusion**: The Company's employees are leading players and contributors to EssilorLuxottica's sustainable development and value creation efforts. EssilorLuxottica seeks to develop a collective culture that fosters learning, nurtures diversity and prioritizes safety along with a working environment that offers everybody equal opportunities based on merit, fairness and without discrimination. In 2023, many initiatives were launched through the Leonardo learning platform and in different regions to promote open dialogue among employees and cultivate an inclusive work environment, with education and learning being key enablers. These efforts are complemented by a strong culture of health, safety and well-being in the workplace and extend to the communities where employees and their families live through a consistent welfare program.
- **Eyes on World Sight**: The launch of the OneSight EssilorLuxottica Foundation marked a new chapter in EssilorLuxottica's journey to accelerate its Mission and bring vision care to those in need. The Company's responsibility toward vision and society also includes corporate citizenship initiatives that cover different areas, including a partnership with the United Nations Special Envoy for Road Safety to promote better vision for better road safety. To address its responsibility toward vision and society, EssilorLuxottica also continued to deploy corporate citizenship initiatives aimed at preserving cultural heritage and making art accessible to the wider public in innovative ways, from the use of its broadcasting capabilities as an 'open air' museum to creating tactile exhibits in partnership with renowned museums.

Investments made in 2023 and planned for 2024

€ millions	2023	2022	2021
Property, plant and equipment and intangible assets *(gross of disposals)*	1,531	1,572	1,030
Depreciation, amortization and impairment	2,972	2,970	2,480
Financial investments net of cash acquired	114	965	7,078
Purchase / (sale) of treasury shares	271	431	317

Capital expenditure

In 2023, EssilorLuxottica cash-out related to capital expenditures amounted to €1,531 million (6% on revenue, 6.4% in 2022), an amount broadly in line compared to 2022 and mainly related to the investments in operations (linked to the new production and distribution plants in France, Mexico and Thailand), the investments in the retail store network and IT infrastructure.

Financial investments

Financial investments net of cash acquired amounted to €114 million in 2023 (compared to €965 million in 2022 and €7,078 million in 2021). These amounts represent the net cash-out related to business combinations completed during the year and, to a lesser extent, price supplements and/or deferred payments on acquisitions completed in prior years. In 2023, the amount was mainly related to the transactions described in the paragraph *Acquisitions and partnerships*, including the acquisition of the Israeli start-up Nuance Hearing; in 2022, the amount was mainly related to the acquisition of Walman, SightGlass Vision and Fedon, among the other; whereas in 2021, the amount was almost entirely related to the acquisition of GrandVision completed on July 1, 2021.

Moreover, in 2023, the Company acquired approximately 1.8 million EssilorLuxottica shares in the context of its share buyback programs, of which approximately 1.7 million in the context of the program launched at the end of July 2023 (see paragraph *Significant events of the year*) for a total cash-out amounting to €312 million (including bank and other fees). Similar programs were launched in 2022 and 2021, when the Company acquired, respectively, nearly 3 million EssilorLuxottica shares (for an average price per share of €156.74 and a total cash-out amounting to €470 million - including bank and other fees) and 2 million EssilorLuxottica shares (for an average price per share of €166.72 and a total cash-out amounting to €335 million - including bank and other fees). The shares acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and its subsidiaries, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

Main future investments

In 2024, the Group will continue investing strongly in the renewal of its retail network, its manufacturing capacities (completion of the new sites), IT and technology platforms to complete the integration.

Subsequent events

EssilorLuxottica showcases its smart and hearing aided eyewear innovation at CES 2024 in Las Vegas

For the first time, EssilorLuxottica exhibited at the Consumer Electronics Show (CES) in Las Vegas on January 9-12, 2024, showcasing the Company's bold moves in consumer technology.

At its booth in CES's North Hall, the Company showcased a prototype for Nuance Audio, a pair of beautiful glasses with advanced hearing technology built in seamlessly. Designed for consumers with mild to moderate hearing loss, Nuance Audio will eliminate the psychological barrier that has stood in the way of adoption of traditional hearing aids integrating proprietary state-of-the-art open-ear hearing technology into fashionable eyeglasses. Nuance Audio is expected to launch in the market starting with North America in the second half of the year.

The EssilorLuxottica booth also featured Ray-Ban Meta, its iconic Ray-Ban glasses with built-in cameras, open-ear audio, AI-powered solutions and the ability to livestream and take calls hands-free, as well as the Group's new HELIX division with Vision(X), an intelligent and interconnected platform that will help modernize eyecare practices offering a full range of innovative digital solutions including tele-optometry and big data services for the world of optics.

Nuance Audio, Ray-Ban Meta and HELIX are a testament to EssilorLuxottica's commitment to moving the eyewear industry forward into a new era of interconnected and AI-powered devices and solutions.

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 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 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 at the beginning of the year (i.e. January 1). 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* and the *Financial debt derivatives at fair value* as disclosed in the IFRS consolidated financial statements.

Appendix 1 - Excerpts from the Consolidated Financial Statements

Consolidated statement of profit or loss

€ millions	2023	2022
Revenue	25,395	24,494
Cost of sales	(9,347)	(8,910)
GROSS PROFIT	**16,048**	**15,583**
Research and development	(593)	(600)
Selling	(8,041)	(7,741)
Royalties	(246)	(219)
Advertising and marketing	(1,799)	(1,811)
General and administrative	(2,211)	(2,116)
Other income/(expenses)	19	61
Total operating expenses	**(12,871)**	**(12,427)**
OPERATING PROFIT	**3,176**	**3,157**
Cost of net debt	(116)	(131)
Other financial income/(expenses)	(24)	(0)
Share of profit (loss) of associates	(1)	6
PROFIT BEFORE TAXES	**3,035**	**3,032**
Income taxes	(609)	(751)
NET PROFIT	**2,426**	**2,281**
of which attributable to:		
• owners of the parent	2,289	2,152
• non-controlling interests	137	128
Weighted average number of shares outstanding:		
• basic	448,066,944	442,049,822
• diluted	450,765,862	445,659,252
Earnings per share (EPS) for net profit attributable to owners of the parent (*in euro*):		
• basic	5.11	4.87
• diluted	5.08	4.83

Consolidated statement of financial position

Assets

€ millions	December 31, 2023	December 31, 2022
Goodwill	30,265	30,734
Intangible assets	11,014	12,122
Property, plant and equipment	5,182	4,747
Right-of-use assets	3,069	3,010
Investments in associates	81	83
Other non-current assets	803	817
Deferred tax assets	387	408
TOTAL NON-CURRENT ASSETS	**50,802**	**51,920**
Inventories	2,750	2,789
Trade receivables	2,936	2,697
Tax receivables	271	259
Other current assets	1,206	936
Cash and cash equivalents	2,558	1,960
TOTAL CURRENT ASSETS	**9,721**	**8,641**
TOTAL ASSETS	**60,523**	**60,561**

Consolidated statement of financial position

Equity and liabilities

€ millions	December 31, 2023	December 31, 2022
Share capital	82	81
Share premium reserve	22,882	23,066
Treasury shares reserve	(312)	(360)
Other reserves	13,298	12,516
Net profit attributable to owners of the parent	2,289	2,152
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**38,239**	**37,455**
Equity attributable to non-controlling interests	653	692
TOTAL EQUITY	**38,891**	**38,147**
Non-current borrowings	6,559	7,858
Non-current lease liabilities	2,399	2,336
Employee benefits	431	431
Non-current provisions	234	302
Other non-current liabilities	123	221
Deferred tax liabilities	2,145	2,377
TOTAL NON-CURRENT LIABILITIES	**11,890**	**13,525**
Current borrowings	1,858	1,164
Current lease liabilities	841	846
Trade payables	2,381	2,297
Tax payables	561	711
Current provisions	345	283
Other current liabilities	3,756	3,587
TOTAL CURRENT LIABILITIES	**9,741**	**8,888**
TOTAL EQUITY AND LIABILITIES	**60,523**	**60,561**

Consolidated statement of cash flows

€ millions	2023	2022
NET PROFIT	**2,426**	**2,281**
Depreciation, amortization and impairment	2,972	2,970
(Gains)/losses from disposal of assets	4	2
Expense arising from share-based payments	195	191
Income taxes	609	751
Finance result, net	140	131
Other non-cash items	(5)	(72)
Changes in provisions	32	(51)
Changes in trade working capital	(300)	(251)
Changes in other operating receivables and payables	(159)	(105)
Taxes paid, net	(916)	(940)
Interest paid, net	(136)	(125)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	**4,861**	**4,783**
Purchase of property, plant and equipment and intangible assets	(1,531)	(1,572)
Disposal of property, plant and equipment and intangible assets	11	17
Acquisitions of businesses, net of cash acquired	(114)	(965)
Changes in other non-financial assets	5	83
Changes in other financial assets	(94)	(184)
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	**(1,724)**	**(2,619)**
Share capital increase	34	37
(Purchase)/sale of treasury shares	(271)	(431)
Dividends paid:		
• to the owners of the parent	(487)	(454)
• to non-controlling interests	(111)	(140)
Transactions with non-controlling interests	(64)	(674)
Cash payments for principal portion of lease liabilities	(936)	(955)
Issuance of bonds, private placements and other long-term debts	—	—
Repayment of bonds, private placements and other long-term debts	(1,028)	(455)
Changes in other current and non-current borrowings	438	(507)
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES	**(2,425)**	**(3,580)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**712**	**(1,417)**
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	(114)	83
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**2,558**	**1,960**

Appendix 2 - Revenue recap

FY 2023

By operating segment

€ millions	Professional Solutions	Change at constant[1] FX	Change at current FX	Direct to Consumer	Change at constant[1] FX	Change at current FX	2023	Change at constant[1] FX	Change at current FX
Revenue 1Q	3,026	7.7 %	8.9 %	3,125	9.4 %	10.5 %	6,151	8.6 %	9.7 %
Revenue 2Q	3,208	8.2 %	4.9 %	3,491	7.8 %	4.8 %	6,699	8.0 %	4.9 %
Revenue 1H	**6,234**	**7.9 %**	**6.8 %**	**6,616**	**8.5 %**	**7.5 %**	**12,851**	**8.2 %**	**7.1 %**
Revenue 3Q	2,978	5.7 %	(1.7)%	3,316	4.7 %	(1.5)%	6,294	5.2 %	(1.6)%
Revenue 4Q	2,986	8.1 %	2.8 %	3,264	6.1 %	1.9 %	6,250	7.1 %	2.4 %
Revenue 2H	**5,965**	**6.9 %**	**0.5 %**	**6,579**	**5.4 %**	**0.2 %**	**12,544**	**6.1 %**	**0.4 %**
Revenue Dec YTD	**12,199**	**7.4 %**	**3.6 %**	**13,195**	**6.9 %**	**3.7 %**	**25,395**	**7.1 %**	**3.7 %**

By geographical area

€ millions	North America	Change at constant[1] FX	Change at current FX	EMEA	Change at constant[1] FX	Change at current FX	Asia-Pacific	Change at constant[1] FX	Change at current FX	Latin America	Change at constant[1] FX	Change at current FX	2023
Revenue 1Q	2,859	7.0 %	11.4 %	2,194	8.9 %	6.8 %	750	12.0 %	9.4 %	349	11.5 %	15.7 %	6,151
Revenue 2Q	3,029	2.3 %	0.1 %	2,523	10.6 %	7.5 %	769	23.9 %	15.5 %	378	9.3 %	8.4 %	6,699
Revenue 1H	**5,888**	**4.5 %**	**5.3 %**	**4,717**	**9.8 %**	**7.2 %**	**1,519**	**17.9 %**	**12.4 %**	**727**	**10.3 %**	**11.8 %**	**12,851**
Revenue 3Q	2,839	2.1 %	(5.6)%	2,317	6.9 %	2.4 %	760	11.7 %	0.0 %	377	6.2 %	4.1 %	6,294
Revenue 4Q	2,910	5.9 %	0.6 %	2,150	6.4 %	3.1 %	757	10.3 %	3.6 %	433	12.7 %	8.8 %	6,250
Revenue 2H	**5,749**	**4.0 %**	**(2.6)%**	**4,468**	**6.7 %**	**2.8 %**	**1,517**	**11.0 %**	**1.8 %**	**810**	**9.6 %**	**6.6 %**	**12,544**
Revenue Dec YTD	**11,637**	**4.2 %**	**1.3 %**	**9,184**	**8.2 %**	**5.0 %**	**3,036**	**14.3 %**	**6.8 %**	**1,537**	**9.9 %**	**9.0 %**	**25,395**