EssilorLuxottica

Q2/H1 2024 Results

Sound revenue growth, margins expanding, two acquisitions in line with strategy

- **Revenue growing by 5.2% in Q2 at constant exchange rates[1], +5.3% in H1**
- **EMEA as the driving region, North America keeping the pace of Q1**
- **Stellest in China and Ray-Ban Meta wearables continuing to grow exponentially**
- **Adjusted[2] operating profit margin at 18.8%, up 50bps at constant exchange rates[1]**
- **Strong free cash flow[5] generation, at Euro 971 million in H1**
- **Acquisition of leading diagnostic med-tech platform Heidelberg Engineering and iconic Supreme brand (announced on July 17)**

Paris, France (July 25, 2024 - 6:00 pm) – The Board of Directors of EssilorLuxottica met on July 25, 2024 to approve the condensed consolidated interim financial statements for the six months ended June 30, 2024. The Statutory Auditors have performed a limited review of these financial statements.

Francesco Milleri, Chairman and CEO, and Paul du Saillant, Deputy CEO at EssilorLuxottica commented: *"In the first half of the year, EssilorLuxottica's strategy continued to pay off with all regions and businesses contributing to positive results. With top line growth, margin expansion and record cash flow, the last six months further solidified our long-term outlook, made possible thanks to the unique talent and engagement of our 200,000 colleagues worldwide.*

Today, our commitment to the two strategic pillars of med-tech and smart eyewear is taking shape, with Stellest seeing exponential growth, the success of Ray-Ban Meta and Nuance Audio set to establish a new category in the market. Announced just last week, the acquisition of Heidelberg Engineering will give us a new foothold in the clinical ophthalmology space.

The third strategic pillar, our iconic brands, will make the first two more accessible, consumer-friendly and relevant. With new collections coming from all our house and licensed brands, including our first-ever for Moncler, and the announced acquisition of Supreme, we are exactly what we need to be: a tech-driven and brand-rich company caring for and connecting with hundreds of millions of people globally."

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Q2 & H1 Highlights

P&L key adjusted[2] data

Euro millions	H1 2024 Adjusted[2]	H1 2023 Adjusted[2]	Constant exchange rates[1]	Current exchange rates
Revenue	13,290	12,851	+5.3%	+3.4%
Gross Profit	8,541	8,243	+5.9%	+3.6%
% of revenue		*64.1%*	*64.5%*	*64.3%*
Operating Profit	2,431	2,347	+8.5%	+3.6%
% of revenue		*18.3%*	*18.8%*	*18.3%*
Group Net Profit	1,746	1,655	+10.6%	+5.5%
% of revenue		*12.9%*	*13.5%*	*13.1%*

P&L key data

Euro millions	H1 2024	H1 2023	Constant exchange rates[1]	Current exchange rates
Revenue	13,290	12,851	+5.3%	+3.4%
Gross Profit	8,529	8,221	+6.1%	+3.7%
Operating Profit	1,943	1,832	+12.2%	+6.0%
Group Net Profit	1,365	1,361	+6.5%	+0.4%
EPS basic (Euro)	3.02	3.06		
EPS diluted (Euro)	2.98	3.03		

Group revenue by segment and region

Euro millions	H1 2024	H1 2023	Constant exchange rates[1]	Current exchange rates
Professional Solutions	6,414	6,234	+5.0%	+2.9%
Direct to Consumer	6,876	6,616	+5.7%	+3.9%
TOTAL REVENUE	**13,290**	**12,851**	**+5.3%**	**+3.4%**

Euro millions	Q2 2024	Q2 2023	Constant exchange rates[1]	Current exchange rates
Professional Solutions	3,334	3,208	+5.3%	+3.9%
Direct to Consumer	3,621	3,491	+5.1%	+3.7%
TOTAL REVENUE	**6,955**	**6,699**	**+5.2%**	**+3.8%**

Euro millions	H1 2024	H1 2023	Constant exchange rates[1]	Current exchange rates
North America	5,973	5,888	+1.5%	+1.4%
EMEA	4,969	4,717	+8.2%	+5.3%
Asia-Pacific	1,589	1,519	+9.0%	+4.6%
Latin America	759	727	+9.7%	+4.4%
TOTAL REVENUE	**13,290**	**12,851**	**+5.3%**	**+3.4%**

Euro millions	Q2 2024	Q2 2023	Constant exchange rates[1]	Current exchange rates
North America	3,098	3,029	+1.4%	+2.3%
EMEA	2,648	2,523	+7.9%	+5.0%
Asia-Pacific	821	769	+9.8%	+6.8%
Latin America	387	378	+8.6%	+2.6%
TOTAL REVENUE	**6,955**	**6,699**	**+5.2%**	**+3.8%**

In the second quarter of the year, EssilorLuxottica confirmed the sound growth pace of the business it recorded in the first quarter. The Group's revenue rose 5.2% at constant exchange rates[1] (+3.8% at current exchange rates) to Euro 6,955 million, on top of a strong performance in the same period of last year (+8.0%) like in the first quarter. In the first semester, the Group's revenue grew by 5.3% at constant exchange rates[1] (+3.4% at current exchange rates) to Euro 13,290 million, in line with the long-term targets. The second quarter revenue performance was in continuity with the first quarter trends also in terms of the key growth drivers. The growth was quite balanced across the regions, categories and channels.

Geographically, all the regions rose high-single digit in the period, with the exception of slower North America. EMEA stood out again as the most powerful growth engine for the Group, with both the channels contributing and optical retail comparable-store sales[3] up double digits, also thanks to the rising penetration of the subscription model. North America continued to be just low-single-digit positive, held back by still negative comparable-store sales[3] at Sunglass Hut and negative trends with the ECPs not engaged in partner programs. In Asia-Pacific, Professional Solutions and Direct to Consumer equally contributed to the solid sales performance, with Stellest and the myopia management portfolio being the major driver. Latin America sound growth was based on slightly positive Brazil and Mexico and hyperinflationary Argentina.

Price-mix played a key role in the second quarter of the year to sustain revenue growth, as the Group continued to deploy innovation in lenses and frames and leverage the mix as a driver, and at the same time implemented a single-digit increase to its price lists across the board.

The top line growth was well balanced also in terms of product categories, with vision care and sunglasses growing broadly at the same pace. As for the brands, in lenses Stellest was still the champion rising above 80%, while Varilux and Transitions progressed at mid-single digit pace; in frames, Ray-Ban posted a healthy high-single-digit growth driven by both traditional eyewear and smart glasses, while in license portfolio Prada was the best performing name, up in the high teens.

In terms of profitability, despite the persistence of a material inflation drag the Group managed to restart its margin expansion journey, consistent with its long-term targets.
The adjusted[2] gross profit amounted to Euro 8,541 million in the first semester, reaching 64.3% of revenue, 20 basis points higher than H1 2023 (or +40 basis points at constant exchange rates[1]).
The adjusted[2] operating profit reached Euro 2,431 million in the first half, representing 18.3% of revenue, unchanged versus H1 2023, while at constant exchange rates[1] the margin expanded by 50 basis points to 18.8% of revenue.
The adjusted[2] Group net profit amounted to Euro 1,746 million in the first half, representing 13.1% of revenue, compared to 12.9% in H1 2023, a margin accretion of 20 basis points, while at constant exchange rates[1] the margin expanded by 60 basis points.

Free cash flow[5] amounted to Euro 971 million in the first six months of the year, compared to Euro 954 million in the same period of last year.

The Group ended the six months with Euro 2.16 billion in cash and cash equivalents and a net debt[6] of Euro 9.76 billion (including Euro 3.51 billion lease liabilities).

With regards to the Group's sustainability journey with the "Eyes on the Planet" program, EssilorLuxottica has embraced sustainability across its entire ecosystem, including employees, suppliers, partners, and customers, with awareness campaigns and concrete actions that support five strategic pillars – Carbon, Circularity, World Sight, Inclusion and Ethics.

As part of its long-term goal to reduce the carbon footprint in its operations and value chain, the Company has recently submitted its near-term emission reduction targets for scopes 1, 2 and 3 to SBTi for validation.

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Store Count on June 30, 2024

	North America	EMEA	Asia-Pacific	Latin America	Corporate Stores	Franchising & Other	Total Storecount
Sunglass Hut	1,631	572	318	412	2,933	225	3,158
LensCrafters	1,010		82		1,092	5	1,097
Vision Express		850			850	153	1,003
Apollo		677			677	221	898
Target Optical	577				577		577
MasVisión		64		470	534	7	541
Pearle		513			513	214	727
Générale d'Optique		395			395	288	683
OPSM			376		376	24	400
GMO				351	351		351
GrandVision		282		53	335	38	373
GrandOptical		323			323	71	394
Atasun Optik		301			301	33	334
Oakley	183	11	77	25	296	72	368
Ray-Ban	42	60	131	45	278		278
Synoptik		247			247		247
Salmoiraghi & Viganò		241			241	26	267
Luxoptica		221			221		221
Mujosh			134		134	360	494
MultiÓpticas		106			106	111	217
Pearle Vision	105				105	468	573
Bolon			93		93	206	299
Aojo			74		74	161	235
Óticas Carol				25	25	1,414	1,439
All Others	287	1,112	228	734	2,361	141	2,502
Total EssilorLuxottica	**3,835**	**5,975**	**1,513**	**2,115**	**13,438**	**4,238**	**17,676**

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Long-Term Outlook

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

Employee representatives appointed to the Board

Two board members, Ms. Margot Bard and Mr. Sébastien Brown, both employees of the Group, saw their mandate renewed for a three-year period by the Group Works Council to represent the employees at the Company's Board. It will expire on July 2, 2027.

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Conference Call

A conference call in English will be held today at 6:30 pm CEST.
The meeting will be available live and may also be heard later at:
https://streamstudio.world-television.com/1217-2090-40180/en

Forthcoming Investor Events

- October 17, 2024: Q3 2024 Revenue
- November 12, 2024: J.P. Morgan Global Luxury & Brands Conference in Paris
- November 13, 2024: Bank of America Consumer & Retail Conference in Paris

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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.

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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First-half 2024 Management Report

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

Significant events of the period

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.

Subsequently, on April 17, 2024, EssilorLuxottica took its place beside the world's leading tech companies at CES on the Hill in Washington DC. As one of only 19 companies invited by the Consumer Technology Association (CTA) to share their latest innovations with U.S. lawmakers on Capitol Hill, EssilorLuxottica showcased Nuance Audio and its Ray-Ban Meta smart glasses in partnership with Meta.

Breakthrough Device Designation Marks Myopia Management Milestone for Joint Venture Partner SightGlass Vision

On February 15, 2024, EssilorLuxottica announced that SightGlass Vision had been granted a 'Breakthrough Device' designation by the US Food and Drug Administration for its Diffusion Optics Technology (DOT) spectacle lenses designed to slow myopia progression in children.

Marking a milestone for the Company and the broader fight against the pediatric myopia epidemic, the 'Breakthrough Devices' designation granted to SightGlass Vision – EssilorLuxottica's myopia management joint venture with CooperCompanies – is limited to a small number of highly innovative devices that address irreversible debilitating diseases. In fact, only 18 other ophthalmic devices have received the designation since the start of the designation program in 2015.

With it, SightGlass Vision will benefit from more frequent opportunities for FDA feedback during the premarket review phase for DOT lenses as well as prioritized submission review. EssilorLuxottica and SightGlass Vision will continue to collaborate closely with the FDA, supporting their goal to improve access to vision care and expand the myopia management category.

The unique design of SightGlass Vision's DOT is the first to use the contrast management mechanism of action, incorporating thousands of elements that gently scatter light across the retina.

Helping reinforce its leadership in myopia, this patent-protected technology has demonstrated proven efficacy and safety through rigorous clinical evaluation. Full four-year outcomes reported in September 2023 from the pivotal CYPRESS study showed statistically significant slowing of the eye axial length progression and cycloplegic spherical equivalent refraction.

DOT spectacle lenses are available in several markets, including China, the Netherlands and Israel, as well as through preliminary market trials in other countries.

Update on licensed brands

On February 21, 2024, EssilorLuxottica and **Michael Kors** announced the renewal of their licensing agreement for the development, production and worldwide distribution of prescription frames and sunglasses under the Michael Kors brand. The renewal will come into effect on January 1, 2025 and cover a period of five years, with an option for a five-year extension. The early renewal, coming almost a year before the expiration of the current agreement, is a testament to the strong confidence and collaboration between the two companies since 2015.

On March 7, 2024, EssilorLuxottica and **Dolce&Gabbana** announced the early renewal of their licensing agreement for the development, production and worldwide distribution of prescription frames and sunglasses under the Dolce&Gabbana brand. The existing agreement, which took effect on January 1, 2020, and was scheduled to expire on December 31, 2029, has been renewed and replaced with a new agreement, lasting 16 years, effective January 1, 2024 until December 31, 2039. The renewal, ahead of its natural expiration, and its duration are testament to the strong confidence and collaboration between the two companies since 2005.

On June 18, 2024, EssilorLuxottica and **Diesel** announced that they had signed an exclusive license agreement for the design, manufacture, and worldwide distribution of Diesel eyewear. The agreement will be effective immediately until December 31, 2029, with an automatic renewal option of an additional five years. The first collection under the agreement will be available on the market from Q1 2025. The agreement combines Diesel's bold, fearless and provocative style with the unique craftsmanship, innovation and distribution capabilities of EssilorLuxottica, building on the first collaboration the two companies successfully started in 2022. The new collections will be developed under the leadership of Diesel Creative Director Glenn Martens and will play in a daring and irreverent way with materials and technologies, embracing Diesel's growing base of Gen Z brand builders and offering genderless products for diverse backgrounds.

EssilorLuxottica closes the acquisition of Washin to grow its optical retail presence in Japan

On April 9, 2024, EssilorLuxottica announced that it had closed the acquisition of Washin Optical Co., Ltd., a Japanese optical retail player counting approximately 70 direct stores in the country with a strong heritage of quality and attention to consumers.

The agreement represents an important step in shaping the vision care market in the region with the goal of growing the appreciation for quality eyewear and eyecare solutions among Japanese consumers and achieving new levels of customer service. It is also a testament of EssilorLuxottica's commitment to grow its eyewear retail operations in the country where it already directly operates approximately 70 retail locations under the Ray-Ban, Oakley and Oliver Peoples banners, as well as across department stores, and serves thousands of independent eyecare professionals and key partners.

Five-year clinical findings of Essilor Stellest lenses

On April 22, 2024, EssilorLuxottica announced that it would present the results of a five-year clinical follow-up study of its Essilor Stellest lenses for the first time at the 2024 Annual Meeting of the Association for Research in Vision and Ophthalmology (ARVO) in Seattle, USA, on May 5, 2024.

The findings strengthen the existing evidence base of the lenses in slowing down myopia progression in children. The data showed that the lenses save one- and three-quarter diopters of myopia over five years,*[1] demonstrating conclusive evidence of their efficacy in slowing down myopia progression in children in the fifth year.

* On average, compared to the 60-month progression of the Virtual Control Group (predicted average annual decrease in SER by 9.7%, Smotherman C, et al. IOVS 2023;64:ARVO E-Abstract 811).

1 Li X, Huang Y, Liu C, Yin Z, Cui Z, Lim EW, Drobe B, Chen H, Bao J. Myopia control efficacy of Spectacle Lenses with Highly Aspherical Lenslets: results of a 5-year follow-up study. ARVO Annual Meeting, Seattle. 2024. Available at: https://eppro02.ativ.me/web/page.php

All directors re-appointed to the new Board of Directors

On April 30, 2024, confirming its trust into the Group's management and its ability and commitment to lead EssilorLuxottica into the next chapter, the Shareholders' Meeting approved the staggered re-appointment of all previous directors to the new EssilorLuxottica Board of Directors, including: **Francesco Milleri**, **Paul du Saillant**, **Jean-Luc Biamonti** (independent) and **Marie-Christine Coisne-Roquette** (independent) for a three-year mandate; as well as **Romolo Bardin** (non-independent), **José Gonzalo** (independent), **Virginie Mercier Pitre** (representing the Valoptec Association), **Mario Notari** (non-independent), **Swati Piramal** (independent), **Cristina Scocchia** (independent), **Nathalie von Siemens** (independent) and **Andrea Zappia** (independent) for a two-year mandate.

At the end of the Shareholders' Meeting, the Board of Directors met and appointed the Company Officers confirming Francesco Milleri as Chairman and Chief Executive Officer and Paul du Saillant as Deputy Chief Executive Officer.

Additionally, the Board of Directors confirmed that three committees will continue supporting and advising the Board on four relevant topics and re-appointed their members as follows:

The members of the Audit and Risk Committee are:

- Jean-Luc Biamonti (Chairman)
- Cristina Scocchia
- Romolo Bardin

The members of the Nomination and Compensation Committee are:

- Andrea Zappia (Chairman)
- José Gonzalo
- Romolo Bardin

The members of the Corporate Social Responsibility Committee are:

- Swati Piramal (Chairwoman)
- Nathalie von Siemens
- Virginie Mercier Pitre

The Board of Directors has also confirmed Jean-Luc Biamonti as Lead Director.

Dividend distribution

The Annual Shareholders' Meeting of EssilorLuxottica held on April 30, 2024 also approved the distribution of a dividend of €3.95 per ordinary share for the year 2023.

The Annual Shareholders' Meeting decided to grant to the shareholders the option to receive their dividend in newly issued shares at a price of €180.12 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, 2023, 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 8, 2024, up to, and including, May 28, 2024. At the end of that period, 157,650,962 dividend rights were exercised in favor of the payment of the 2023 dividend in shares. Accordingly, on June 3, 2024, 3,457,244 new EssilorLuxottica's shares were issued, delivered and admitted to trading on Euronext Paris. Those new shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

The total cash dividend paid to the shareholders who did not opt for the *scrip dividend* amounted to €1,163 million and was paid on the same date, June 3, 2024.

A new sustainable approach for EssilorLuxottica's operations in Italy

On June 10, 2024, EssilorLuxottica announced that it is implementing an innovative project near Pescara, Italy, which oversees the recovery and reconversion of industrial land surrounding the site of Barberini, a world-class optical glass lens manufacturer and part of EssilorLuxottica. Covering almost 40 hectares, EssilorLuxottica will create a large solar farm to produce renewable energy along with a green area hosting sports facilities and natural food crops for the corporate staff restaurants, with a sustainable and circular approach.

Covering an area of 25 hectares, the solar farm will be the first large-scale ground-mounted photovoltaic system built and directly managed by EssilorLuxottica and will have a total power of 20MW. The plant is expected to generate approximately 30,000 MWh of renewal energy per year (equivalent to the annual electricity consumption of approximately 10,000 families) and will be connected directly to Barberini’s industrial site to maximize self-consumption of on site renewable power production.

The new solar farm, together with the photovoltaic panels which are already installed on the roofs of Barberini’s buildings and on most of the Company’s plants throughout the world, is a testament to the Group's commitment to increase the production of renewable energy and confirms the ongoing investments to improve the efficiency across its logistic and manufacturing facilities and to reduce energy and water consumption.

Consolidated revenue

Revenue by operating segment

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

The Group's operating segments are:

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

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

€ millions	**H1 2024**	**H1 2023**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Professional Solutions	6,414	6,234	5.0%	2.9%
Direct to Consumer	6,876	6,616	5.7%	3.9%
REVENUE	**13,290**	**12,851**	**5.3%**	**3.4%**

€ millions	**Q2 2024**	**Q2 2023**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Professional Solutions	3,334	3,208	5.3%	3.9%
Direct to Consumer	3,621	3,491	5.1%	3.7%
REVENUE	**6,955**	**6,699**	**5.2%**	**3.8%**

Second-quarter revenue by operating segment

Professional Solutions

Professional Solutions recorded revenue of €3,334 million, up 5.3% at constant exchange rates[1] compared to the second quarter of 2023 (+3.9% at current exchange rates).

All regions followed a broadly similar trajectory compared to the first quarter, except Latin America which slowed down slightly and was surpassed by Asia-Pacific as the best performing region this quarter. Ray-Ban, Oakley and the Prada family continued to be the hottest frame brands, while Varilux and Stellest revealed themselves as the top contributors to the growth on the lens side once again.

Direct to Consumer

Direct to Consumer recorded revenue of €3,621 million, up 5.1% at constant exchange rates[1] compared to the second quarter of 2023 (+3.7% at current exchange rates).

The growth of the segment was supported by the solid performance of the brick-and-mortar retail stores once again up around 5% in comparable-store sales[3]. The optical banners were able to extend their lead as sun kept being pressured by the continued weak demand in the US as well as adverse weather in EMEA. E-commerce posted flattish results with Ray-Ban.com positively supported by Ray-Ban Meta, while SunglassHut.com was negative driven by the North American site following the trend of the physical stores.

First-half revenue by operating segment

Professional Solutions

In the first half of 2024, Professional Solutions posted revenue of €6,414 million, up 5.0% at constant exchange rates[1] versus 2023 (+2.9% at current exchange rates).

The encouraging performance was driven by a double-digit Latin America, followed just a touch behind by Asia Pacific, as well as a solid EMEA, while North America progressed at a slower pace. The lens portfolio continued to be powered by the new innovations, notably the Varilux XR series and Stellest. On the frame side, the new licenses started to contribute to the growth.

Direct to Consumer

In the first half of 2024, the Direct to Consumer segment posted revenue of €6,876 million, up 5.7% at constant exchange rates[1] compared to 2023 (+3.9% at current exchange rates).

The brick-and-mortar comparable-store sales[3] were up around 5%, driven by the optical banners, while the sun business slowed down in the second quarter impacted by the unfavorable weather in EMEA on top of the continued weak performance of North America. All the regions posted positive growth led by EMEA and Latin America, where the integration has been progressing successfully. In the spectrum of the various e-commerce banners, Ray-Ban.com stood out as the best performer.

Revenue by geographical area

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

€ millions	**H1 2024**	**H1 2023**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	5,973	5,888	1.5%	1.4%
EMEA	4,969	4,717	8.2%	5.3%
Asia-Pacific	1,589	1,519	9.0%	4.6%
Latin America	759	727	9.7%	4.4%
REVENUE	**13,290**	**12,851**	**5.3%**	**3.4%**

€ millions	**Q2 2024**	**Q2 2023**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	3,098	3,029	1.4%	2.3%
EMEA	2,648	2,523	7.9%	5.0%
Asia-Pacific	821	769	9.8%	6.8%
Latin America	387	378	8.6%	2.6%
REVENUE	**6,955**	**6,699**	**5.2%**	**3.8%**

Second-quarter revenue by geographical area

North America

North America posted revenue of €3,098 million, up 1.4% at constant exchange rates[1] compared to the second quarter of 2023 (+2.3% at current exchange rates), marching at a similar pace as the first quarter.

In Professional Solutions, the performance was driven by the frame business growing in both volume and price-mix, with Ray-Ban as the shining star. On lenses, Varilux continued to benefit from the launch of the XR series in July 2023 and Transitions Gen S was off to a promising start from April 2024. While the key accounts maintained a favorable trajectory, the independent channel slowed down due to the soft performance of the non-partner ECPs, while the independents engaged in partnership programs remained solid.

Trends in Direct to Consumer essentially resembled the ones observed over the past few quarters. The optical retail chains delivered robust comparable-store sales[3] backed by the vital demand of the insured customers and an expanded exam capacity also thanks to the increased use of teleoptometry. Sunglass Hut continued to be hurt by the discretionary spending squeeze of its consumers with some relief obtained from the international locations and Ray-Ban Meta.

EMEA

EMEA posted revenues of €2,648 million, up 7.9% at constant exchange rates[1] compared to the second quarter of 2023 (5.0% at current exchange rates), driven by the first-class execution in both channels.

The Professional Solutions business continued to build its track record as a solid and reliable source of growth, well spread among geographies and product categories. The further ramp up of the XR series propelled Varilux to become the most successful asset this quarter, while the launch of Transitions Gen S in France, Italy, UK and Ireland also generated excitement among customers. In anticipation of the 2024 Paris Olympics, Oakley emerged as one of the top performing frame brands leveraging its new styles and collections created for the occasion. The euphoria transmitted by the Team Oakley athletes further elevated its perception as a winning brand. The new licenses had a meaningful impact, together contributing approximately one fourth to the quarterly growth of the frame business.

Direct to Consumer once again delivered excellent results. On top of its best quarter last year, the optical business achieved double-digit comparable-store sales[3]. This was driven by the remarkable progress made on all the strategic initiatives laid out in the integration plan. The share of EssilorLuxottica's own products in the stores increased significantly since last year and the upgraded offer range yielded an excellent response. On top of this, the subscription program “Vision as a Service” represented an additional catalyst for growth with the number of optical subscribers doubling year over year. The sun business experienced a slowdown in the quarter as a result of the adverse weather conditions affecting the region.

Asia-Pacific

Asia-Pacific posted revenue of €821 million, up 9.8% at constant exchange rates[1] compared to the second quarter of 2023 (+6.8% at current exchange rates), growing fast on top of the best quarter of last year, which was boosted by the strong performance of China.

In Professional Solutions, Mainland China delivered another flourishing quarter underpinned by the excellent performance of the myopia management category. In the branded segment, Stellest continued to thrive with sales up by more than 80% and Nikon and Kodak DOT also starting to gain further traction. The sunglasses business maintained the positive momentum in particular the luxury frames and Oakley which successfully capitalized on the sports and outdoor trend emerging in the country. Japan achieved strong growth across all main product categories, while India, South Korea and Southeast Asia also generated healthy results.

In Direct to Consumer, optical and sun advanced on a broadly similar trajectory in comparable-store sales[3]. In Australia, the performance improved in both OPSM and Sunglass Hut, which returned to positive growth in the period. Consistently with the past quarters, the Japanese retail business delivered double-digit comparable-store sales[3], now even further boosted by the acquisition of Washin Optical, which led to a doubling of its size.

Latin America

Latin America posted revenues of €387 million, up 8.6% at constant exchange rates[1] compared to the second quarter of 2023 (+2.6% at current exchange rates), with positive growth across the main countries and also sustained by the price inflation effect of Argentina.

In Professional Solutions, the performance of Brazil started off strongly in the month of April but subsequently worsened also due to the Rio Grande do Sul floodings taking its toll. The Mexican business posted healthy growth thanks to a solid frame business supported by independent ECPs and the progressive ramp-up of the new Tijuana site.

The growth in Direct to Consumer was sustained by the Mexican optical banners, which continued to perform consistently well upon the renewed assortments in the former GrandVision stores. The sun business in the country remained in the negative territory still struggling with the touristic locations.

First-half revenue by geographical area

North America

In the first half of 2024, North America posted revenue of €5,973 million, up 1.5% compared to 2023 at constant exchange rates[1] (+1.4% at current exchange rates).

Professional Solutions and Direct to Consumer grew at a similar pace. In Professional Solutions, the optical categories kept driving the growth. Key accounts remained solid throughout the period, while the independent channel softened in the second quarter. The optical retail banners represented the growth pillars of the Direct to Consumer segment throughout the first half, while the sun banners experienced ups and downs and closed the first half overall in the negative territory, as consumers were stretched and became choosier in allocating their consumption.

EMEA

In the first half of 2024, EMEA posted revenue of €4,969 million, up 8.2% compared to 2023 at constant exchange rates[1] (+5.3% at current exchange rates).

The performance in the region was supported by its resilient Professional Solutions business and further boosted by Direct to Consumer trotting on the back of the integration. Almost all countries in the region registered positive growth in the first half. In Professional Solutions, all the major product categories contributed to the performance, led by Varilux on the lens side, as well Prada, Oakley and the solid start of the new licenses on the frame side. The Direct to Consumer business was sustained by both optical and sun banners, growing at a broadly similar pace in terms of comparable-store sales[3].

Asia-Pacific

In the first half of 2024, Asia-Pacific posted revenue of €1,589 million, up 9.0% compared to 2023 at constant exchange rates[1] (+4.6% at current exchange rates).

All countries in the region posted positive growth, driven by China and Japan. Professional Solutions in China recorded robust results across product categories, driven by myopia management lenses, in particular Stellest, and sunglasses, led by luxury, Oakley and Ray-Ban. In Direct to Consumer, the advance of comparable-store sales[3] was supported by OPSM in Australia ramping up in the second quarter and solid sun banners in Japan and Southeast Asia.

Latin America

In the first half of 2024, Latin America posted revenue of €759 million, up 9.7% compared to 2023 at constant exchange rates[1] (+4.4% at current exchange rates).

The performance of the region was underpinned by a healthy Mexico. In Brazil, the Professional Solutions business was overall more impressive in frames and less so in lenses. The steady growth of the Direct to Consumer business was driven by the optical banners, especially the former GrandVision ones.

Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica condensed consolidated statement of profit or loss

€ millions	**H1 2024**	**H1 2023**	**Change**
Revenue	13,290	12,851	3.4%
Cost of sales	(4,761)	(4,629)	2.9%
GROSS PROFIT	**8,529**	**8,221**	**3.7%**
% of revenue	*64.2%*	*64.0%*	
Total operating expenses	**(6,586)**	**(6,389)**	**3.1%**
OPERATING PROFIT	**1,943**	**1,832**	**6.0%**
% of revenue	*14.6%*	*14.3%*	
PROFIT BEFORE TAXES	**1,861**	**1,759**	**5.8%**
% of revenue	*14.0%*	*13.7%*	
Income taxes	(428)	(322)	33.1%
Effective tax rate	*23.0%*	*18.3%*	
NET PROFIT	**1,433**	**1,437**	**-0.3%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,365**	**1,361**	**0.4%**

The table above shows the performance of EssilorLuxottica activities in the first semesters of 2024 and 2023.

- *Revenue* increased by 3.4% compared to the first semester of 2023, 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 by +2.9% at current exchange rates versus the first semester 2023 (less than the revenue growth over the same period) leading to an improvement in the *Gross profit* margin (64.2% versus 64.0% in the first semester of 2023). The main driver of the *Gross margin* accretion is favorable price-mix in both frames and lenses businesses and manufacturing efficiencies, partially offset by foreign exchange.
- *Operating expenses* are still materially affected by the depreciation and amortization resulting from the recognition of tangible and intangible assets following the purchase price allocation related to the combination between Essilor and Luxottica and the acquisition of GrandVision (approximately €485 million in the first semester 2024 versus approximately €484 million recorded in the same period of last year). The performance of the first semester 2024 (an increase of 3.1% at current exchange rates) is largely driven by business expansion and persistence of inflationary pressure on labor affecting mainly *Selling* expenses. The *Operating profit* represented 14.6% of revenue, an increase of approximately 30 basis points compared with the first semester 2023.
- *Net profit* remained flat compared to the first semester of 2023 (€1,433 million versus €1,437 million for the first semester 2023), as a result of the combined effect of an increase in the operating profit offset by higher income taxes which, in the first semester 2023, included a tax benefit related to the reassessment of an *uncertain tax position* for approximately €111 million.

EssilorLuxottica Alternative Performance Measures (APM)

Adjusted measures

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

The combination of Essilor and Luxottica (the "EL Combination"), the acquisition of GrandVision (the "GV Acquisition"), other strategic and material acquisitions, as well as events that are unusual, infrequent or unrelated to normal operations, have a significant impact on the consolidated results. Accordingly, in order to provide additional comparative information on the results for the period under review compared to previous periods, to reflect EssilorLuxottica actual economic performance and enable it to be monitored and benchmarked against competitors, some measures have been adjusted ("adjusted measures"). In particular, management adjusted the following measures: *Cost of sales*, *Gross profit, Operating expenses, Operating profit, Profit before taxes* and *Net profit.* Such adjusted measures are reconciled to their most comparable measures reported in the condensed consolidated interim statements of profit or loss for the six-month period ended June 30, 2024.

In continuity with previous periods, adjusted measures in the first semester of 2024 exclude: (i) the incremental impacts of the purchase price allocations related to the strategic and material acquisitions completed by the Group ("*Adjustments related to PPA impacts*"); and (ii) other adjustments related to transactions that are unusual, infrequent or unrelated to normal operations, as the impact of these events might affect the understanding of the Group's performance ("*Other non-GAAP adjustments*").

€ millions	**H1 2024**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**H1 2024 Adjusted[2]**
Revenue	13,290	—	—	13,290
Cost of sales	(4,761)	5	7	(4,749)
GROSS PROFIT	**8,529**	**5**	**7**	**8,541**
% of revenue	*64.2%*			*64.3%*
Total operating expenses	**(6,586)**	**442**	**34**	**(6,109)**
OPERATING PROFIT	**1,943**	**447**	**42**	**2,431**
% of revenue	*14.6%*			*18.3%*
Cost of net debt and other*	(82)	(1)	—	(83)
PROFIT BEFORE TAXES	**1,861**	**446**	**42**	**2,349**
% of revenue	*14.0%*			*17.7%*
Income taxes	(428)	(89)	(11)	(528)
NET PROFIT	**1,433**	**357**	**30**	**1,820**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,365**	**350**	**30**	**1,746**

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

The most significant Other non-GAAP adjustments of the first semester of 2024 resulted from:

- restructuring projects (approximately €30 million) related to several initiatives across the Group in different geographies and businesses, including the continued rationalization and centralization of GrandVision activities (which impacted for approximately €8 million). The related effects were mainly recognized in *Cost of sales* (€7 million), *Selling* and *Advertising and marketing* expenses (€11 million), and *General and administrative* expenses (approximately €11 million);
- professional fees related to M&A transactions (approximately €4 million) and non-recurring costs related to significant legal cases (approximately €4 million including both settlement amounts and legal fees). The related effects were recognized in *General and administrative* expenses.

Adjusted[2] consolidated statement of profit or loss

€ millions	H1 2024 Adjusted [2]	H1 2023 Adjusted[2]	Change at constant exchange rates[1]	Change at current exchange rates
Revenue	13,290	12,851	5.3%	3.4%
Cost of sales	(4,749)	(4,607)	4.2%	3.1%
GROSS PROFIT	**8,541**	**8,243**	**5.9%**	**3.6%**
% of revenue	*64.3%*	*64.1%*		
Research and development	(177)	(169)	4.8%	4.4%
Selling	(3,933)	(3,724)	7.0%	5.6%
Royalties	(130)	(127)	4.5%	2.3%
Advertising and marketing	(817)	(828)	-0.2%	-1.4%
General and administrative	(1,052)	(1,050)	1.4%	0.2%
Other income/(expenses)	(2)	2	<-100%	<-100%
Total operating expenses	**(6,109)**	**(5,896)**	**4.9%**	**3.6%**
OPERATING PROFIT	**2,431**	**2,347**	**8.5%**	**3.6%**
% of revenue	*18.3%*	*18.3%*		
Cost of net debt and other *	(83)	(75)	11.8%	10.6%
PROFIT BEFORE TAXES	**2,349**	**2,272**	**8.4%**	**3.4%**
% of revenue	*17.7%*	*17.7%*		
Income taxes	(528)	(534)		
Effective tax rate	*22.5%*	*23.5%*		
NET PROFIT	**1,820**	**1,739**	**9.8%**	**4.7%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,746**	**1,655**	**10.6%**	**5.5%**

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

Revenue for the semester totaled €13,290 million, an increase of 5.3% at constant exchange rates[1] (+3.4% at current exchange rates).

Adjusted[2] *Gross profit:* +5.9% at constant exchange rates[1] (+3.6% at current exchange rates)

Adjusted[2] *Gross profit* in the first semester of 2024 ended at €8,541 million, representing 64.3% of revenue. The main driver of the Gross margin accretion is favorable price-mix in both frames and lenses businesses and manufacturing efficiencies.

Adjusted[2] *Operating expenses:* +4.9 % at constant exchange rates[1] (+3.6 % at current exchange rates)

Adjusted[2] *Operating expenses* amounted to €6,109 million for the first semester of 2024, translating to 46.0% of revenue (45.9% in the first semester of 2023).

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

- *Selling* expenses amounting to €3,933 million, an increase of +7.0% at constant exchange rates[1] compared to the first semester of 2023, the main driver is the continued business expansion and persistence of inflationary pressure on labor.
- *Advertising and marketing* expenses amounting to 817 million, slightly decreasing by approximately 0.2% on a constant exchange rates[1] basis benefiting from centralization and integration initiatives, offsetting the investments made during the period to support the Group's brands.
- *General and administrative* expenses amounting to €1,052 million, an increase of 1.4% at constant exchange rates[1] compared to the same period of 2023.

Adjusted[2] *Operating profit:* +8.5% at constant exchange rates[1] (+3.6% at current exchange rates)

The Group posted an adjusted[2] *Operating profit* of €2,431, representing 18.3% of revenue compared to 18.3% in the same period of 2023 (18.8% at constant exchange rates[1], an improvement of approximately 50 basis points compared to the first semester of 2023).

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

The adjusted[2] *Cost of net debt* increased compared to the first semester of 2023 due to a negative effect resulting from the increase of the interest rates, mainly those applicable to stores' lease agreements.

Adjusted[2] *Income taxes*

EssilorLuxottica reported adjusted[2] *Income taxes* of €528 million, an adjusted[2] tax rate of 22.5% for the first semester of 2024. For the full year, the annual adjusted[2] tax rate is expected to be broadly in line with 2023. In the first semester 2023, the adjusted[2] tax rate was 23.5%.

Adjusted[2] *Net profit attributable to owners of the parent* up +10.6% at constant exchange rates[1] (+5.5% at current exchange rates)

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

EssilorLuxottica reclassified consolidated statement of financial position

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

€ millions	**June 30, 2024**	**December 31, 2023**
Goodwill	30,714	30,265
Intangible assets	10,630	11,014
Property, plant and equipment	5,252	5,182
Right-of-use assets	3,317	3,069
Investments in associates	82	81
Other non-current assets	1,006	803
Fixed Assets	**51,001**	**50,415**
Trade working capital	**3,758**	**3,306**
Employees benefits and provisions	**(967)**	**(1,010)**
Tax receivables / (payables)	(545)	(290)
Deferred tax assets / (liabilities)	(1,625)	(1,758)
Tax assets / (liabilities)	**(2,170)**	**(2,048)**
Other operating assets / (liabilities)	**(2,236)**	**(2,673)**
Assets / (liabilities) held for sale	**0**	**0**
NET INVESTED CAPITAL	**49,387**	**47,990**
EQUITY	**39,629**	**38,891**
NET DEBT	**9,758**	**9,098**

Fixed assets amount to €51,001 million and increased by €587 million compared to December 31, 2023. The main variances in the categories of fixed assets are mentioned below.

i. *Goodwill*: goodwill increased by €450 million, of which €399 million is due to foreign currency fluctuations, on top of an increase of €51 million resulting from minor business combinations completed in the period.

ii. *Intangible assets*: the negative variance of €384 million is mainly driven by the amortization of the period, for €651 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 foreign currency fluctuations for €114 million and by new additions for €151 million mainly related to licenses and IT investments.

iii. *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the period amounts to €318 million. The additions of the period (capital expenditure, for approximately €440 million, as well as the recognition of new *Right-of use assets* in connection with lease contracts signed in the first semester of 2024, for €699 million) were counterbalanced by the depreciation and impairment of the period amounting to €862 million.

Trade working capital (i.e. the sum of inventories, trade receivables and trade payables) increased by €452 million compared to December 31, 2023, following, on one side, the growth trend experienced in the Professional Solutions segment and, on the other, the effects of foreign currency fluctuations.

Equity mainly increased for the net result attributable to owners of the parent (€1,365 million); its balance was also affected by a decrease coming from the dividend distribution of the period to EssilorLuxottica's shareholders who did not opt for the scrip dividend by €1,163 million (see paragraph *Significant events of the period*) and to minorities shareholders of the Group's subsidiaries by €61 million. Share-based payments also affected the final balance (€72 million increase).

Net debt increased by €660 million compared to December 31, 2023 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 to incur additional indebtedness to invest in new business opportunities;
- assist investors in their assessment of the Group’s cost of debt;
- ensure that these measures are fully understood in light of how the Group evaluates its operating results and leverage;
- properly define the metrics used and confirm their calculation; and
- share these measures with all investors at the same time.

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

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

€ millions	H1 2024	H1 2023
Net cash flow provided by operating activities [a]	2,135	2,176
Purchase of property, plant and equipment and intangible assets [a]	(700)	(751)
Cash payments for the principal portion of lease liabilities [a]	(464)	(471)
FREE CASH FLOW	**971**	**954**
Operating profit [b]	1,943	1,832
Depreciation, amortization and impairment [a]	1,513	1,463
EBITDA	**3,456**	**3,295**
NET DEBT [c]	**9,758**	**10,060**
NET DEBT/EBITDA LTM [d]	**1.5**	**1.6**

(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 15 - Financial debt, including lease liabilities of the Notes to the condensed consolidated interim financial statements. Its components are also reported in the *Net debt* paragraph below.
(d) EBITDA LTM = Last Twelve Months, equal to €6,309 million for the twelve-month period ended on June 30, 2024 and €6,278 million for the twelve-month period ended on June 30, 2023.

Net debt

Group *Net debt (excluding Lease liabilities)* amounted to €9,758 million at the end of June 2024, increasing by €660 million compared to the position at the end of December 2023. Lease liabilities as of the end of June 2024 were up by €270 million compared to the end of 2023.

€ millions	June 30, 2024	December 31, 2023
Non-current borrowings	5,069	6,559
Current borrowings	3,345	1,858
TOTAL LIABILITIES	**8,414**	**8,417**
Short-term investments	—	—
Cash and cash equivalents	(2,165)	(2,558)
TOTAL ASSET	**(2,165)**	**(2,558)**
Financial debt derivatives at fair value	0	(0)
NET DEBT EXCLUDING LEASE LIABILITIES	**6,249**	**5,859**
Lease liabilities (current and non-current)	3,509	3,239
NET DEBT	**9,758**	**9,098**

Non-current borrowings decreased compared to December 31, 2023 due to the reclassification to current borrowings of a €1.5 billion Eurobond due in May 2025. Current borrowings recorded an increase due to the aforementioned reclassification for €1.5 billion (face value), an increase of Commercial Papers mainly under the USCP program for €1.3 billion (face value) partially offset by the reimbursement of three Eurobonds due between January and April 2024 for €1.3 billion (face value).

Reclassified consolidated statement of cash flows

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

€ millions	H1 2024	H1 2023
EBITDA	**3,456**	**3,295**
Capital expenditure	(700)	(751)
Lease payments (excluding interests) [a]	(464)	(471)
Taxes paid	(297)	(239)
Changes in trade working capital [b] and other flows	(1,024)	(880)
FREE CASH FLOW	**971**	**954**
Dividends paid	(1,220)	(551)
Acquisitions net of cash acquired	(70)	(75)
Other changes in equity	(111)	(25)
Other changes in financial and non-financial assets	(6)	(85)
Changes in borrowings (excluding FX)	(30)	(449)
NET CASH FLOW	**(465)**	**(230)**

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

Capital expenditure cash-out amounted to €700 million, slightly decreasing compared with the corresponding period of the prior year and representing approx. 5% of the Group's revenue.

The line *Acquisition net of cash acquired* represents the net cash-out related to business combinations completed during the period, and, to a less extent, price supplements and/or deferred payments on acquisitions completed in prior years.

The line *Other changes in equity* includes, among others, the effects of transactions with non-controlling interests in addition to the cash-out related to the share buyback program (€19 million for the first semester 2023, whereas no share buyback transactions occurred in the first semester 2024) compensated by the cash-in related to share capital increases and the exercise of stock options.

The flows reported in *Other changes in financial and non-financial assets* for the first semester of 2024 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.

Mission and sustainability

Mission, OneSight EssilorLuxottica Foundation

The Group, through the OneSight EssilorLuxottica Foundation, continues to champion the right to see for everyone, everywhere by working to provide vision care to the 2.7 billion people living with uncorrected poor vision, 90% in developing communities.

As a result of our efforts since January, more than 110 million people globally now have sustainable access to vision care through 2,000 additional rural optical points, and 5 million people in need are now equipped with a pair of glasses.

These efforts were supported by more than 1,600 employee volunteers around the world.

In addition to providing access to vision care, the Foundation advocated for vision among some of the most influential policy makers in healthcare. On the sidelines of the World Health Assembly, Anurag Hans, Head of Mission and President of the OneSight EssilorLuxottica Foundation, highlighted the role of innovative technologies, such as tele-refraction, to bridge the gaps in access to vision care in rural and underserved communities. This session was supported by the publication of a groundbreaking clinical study in the peer reviewed journal, PLOS ONE, that validated the reliability and potential of tele-refraction technology, confirming it conforms to the gold-standard of face-to-face refraction. Together with the United Nations High Commission for Refugees (the UN Refugee Agency, UNHCR) the Foundation also reinforced the importance of vision care for marginalized communities, such as refugees, highlighting its unique partnership which aims to reach 100,000 refugees.

The Group remains steadfast in its efforts to continue delivering vision care services to those most in need and look forward to expanding its initiatives, forging new partnerships, and leveraging innovative technologies to ensure that everyone, regardless of their location or circumstances, has access to the vision care they deserve.

Since 2013, the Group has cumulatively provided access to vision care for over 872 million people, distributing eyeglasses to more than 77 million individuals, and establishing over 29 thousand rural optical points.

Sustainability, Eyes on the Planet

Sustainability is a deep responsibility and part of EssilorLuxottica's identity. Through its Eyes on the Planet program, EssilorLuxottica has embraced sustainability across its entire ecosystem, including employees, suppliers, partners, and customers, with awareness campaigns and concrete actions that support five strategic pillars — Carbon, Circularity, World Sight, Inclusion, and Ethics.

All these initiatives are helping drive positive impact, in terms of environmental awareness, employee well-being and socio-economic development in the communities where the Group operates. The Company's sustainability progress has been acknowledged by MSCI (ESG rating confirmed in the AA - Leader), Sustainalytics (ESG risk rating decreased to low-risk), and Moody's, that confirmed the Company's positioning in the Robust range following another increase in the ESG score in June.

In the first half of 2024, EssilorLuxottica has made significant strides in executing Eyes on the Planet, that are below recalled.

- EssilorLuxottica is on track to reach carbon neutrality in its Scopes 1 & 2 emissions (direct operations) by 2025, after reaching it in Europe in 2023. The Group has announced the creation of its first large-scale solar farm along with a green area hosting sports facilities and natural food crops for the corporate staff restaurants close to Barberini's industrial site in Italy by 2025. Covering an area of 25 hectares, the solar farm will have a total power of 20MW and is expected to generate approximately 30,000 MWh of renewal energy per year (equivalent to the annual electricity consumption of approximately 10,000 families). The sustainable and circular approach here implemented is testament to the Group's commitment to increase the production of renewable energy and confirms the ongoing investments to improve the efficiency across its logistic and manufacturing facilities and to reduce energy and water consumption.
- As part of its long-term goal to reduce the carbon footprint in its operations and value chain, the Company has recently submitted its near-term emission reduction targets for scopes 1, 2 and 3 to SBTi for validation.
- Different Eyes on the Planet awareness campaigns were launched worldwide, across all corporate communications channels. In particular, Earth Day kicked off the third annual EssilorLuxottica Sustainability Week, featuring live virtual classes on Leonardo along with climate workshops to engage the employee community on the official global Earth Day 2024 theme 'Planet vs Plastics', which highlights the urgent need to address the ongoing plastic pollution challenge and its detrimental impact on the environment. The live events were tailored for both employees and wholesale customers, aiming to delve into EssilorLuxottica's journey on reducing the use of plastic, and resulted in a very active engagement, as they registered a significant audience growth.
- In addition, during this year's World Oceans Day, EssilorLuxottica has launched the message "One Ocean, One Climate, One Future – Together!" across its global corporate channels to remind the efforts behind the Company's journey to make its business model more circular. This includes a shift from fossil-based materials to biobased and/or recycled materials as well as plans to embed eco-design in all product development by 2025. Currently, Ray-Ban along with Burberry, Giorgio Armani, Emporio Armani and Tory Burch have all extended offerings with bio-acetate for frames and bio-nylon for lenses. This circularity approach is also reflected in brand-specific sustainability initiatives, such as the Kick Plastic initiative launched by Costa Del Mar in 2015.
- The Group progressed on its commitment to building a workplace culture where respect, equality and inclusion are paramount to ensure everyone can be proud to express their authenticity. In the first semester, the awareness-building process progressed with worldwide campaigns on the Leonardo learning platform and at local level to celebrate International Women's Day, Mental Health awareness month and Pride month.

The score of 99/100 achieved in the 2024 edition of the “Gender Equality Index” (“Index de l’Egalité professionnelle”) is testament to the Company's concrete initiatives to encourage equality between women and men with regards to their careers and remuneration, and in the promotion of work-life balance. Finally, an internal Inclusion Committee was launched to champion diversity, equity, and inclusion within the Group and comprises executives representing different business units and geographic regions, ensuring that a diverse range of perspectives and voices are heard.

- The same values of diversity and inclusion are the core of the Company's Summer Camp, a unique international experience for employees’ children aged between 9 and 17 from 20 European countries for a total of approximately 2,450 participants from June 9 to August 10. All activities are designed to involve each of the participants, including those with special educational needs, in a cheerful and inclusive atmosphere to foster values of friendship, tolerance, solidarity, self-discipline, responsibility and teamwork.
- Continuing its commitment to making art accessible for all through the Eyes on Art initiative, the Company designed tactile interpretations of art masterpieces for the Musée d’Art Moderne in Paris and the Musée Granet in Aix-En-Provence. Additionally, EssilorLuxottica awarded a special “Eyes on Art” prize to the Capitolare Library of Verona as part of EssilorLuxottica’s partnership with the Italy Patria della Bellezza Foundation (Fondazione Italia Patria della Bellezza), which promotes Italy’s beauty and talent in various forms.
- The establishment of EssilorLuxottica European Works Council in February further reinforces the Company’s belief in a work structure that finds growth in social dialogue and engagement with employees and their representatives. The new body comprises 27 members, represents over 53,000 employees across 25 EU states, along with a representative from Great Britain.

The Company’s current focus is to prepare for the EU CSRD Reporting and disclosure requirements. To this regard, in the first half of the year EssilorLuxottica conducted a Double Materiality Assessment to identify material impacts on people, society, and the environment (impact materiality) as well as the risks and opportunities that financially affect the organization (financial materiality). The results have been presented to the Board of Directors. In parallel, the Company is committed to formalizing additional policies that are relevant for the execution of the Eyes on the Planet program, such as the recently issued first Global EHS policy.

Subsequent events

EssilorLuxottica to Acquire Supreme® from VF Corporation

On July 17, 2024, EssilorLuxottica and VF Corporation, a global leader in branded lifestyle apparel, footwear and accessories, announced that they had entered into a definitive agreement for EssilorLuxottica to acquire the Supreme® brand from VF for $1.5 billion in cash. The Supreme® brand runs a digital-first business and 17 stores in the U.S., Asia and Europe.

This acquisition perfectly aligns with the EssilorLuxottica innovation and development journey, offering to the Group a direct connection to new audiences, languages and creativity. With its unique brand identity, fully-direct commercial approach and customer experience – a model the Group will work to preserve – Supreme® will have its own space within the house brand portfolio and complement the licensed portfolio as well. The brand will be well-positioned to leverage the Group's expertise, capabilities, and operating platform.

The transaction is expected to close by the end of the year 2024, subject to customary closing conditions and regulatory approvals.

Agreement to acquire a majority stake in Heidelberg Engineering

On July 17, 2024, EssilorLuxottica and Heidelberg Engineering announced they entered into an agreement for the acquisition of an 80% stake in Heidelberg Engineering, a Germany-based company specializing in diagnostic solutions, digital surgical technologies and healthcare IT for clinical ophthalmology. Drawing on EssilorLuxottica's long-standing expertise in the design and manufacture of advanced instruments and vision care solutions for eyecare professionals, this agreement represents a step forward in the Group's strategy and its med-tech journey.

Founded by Dr. Gerhard Zinser and Christoph Schoess in 1990, Heidelberg Engineering brings extensive technological and scientific expertise in optical coherence tomography (OCT), real-time image processing and analytics, large-scale data analysis and digital surgical navigation, to serve medical professionals, scientists and researchers across a broad range of ophthalmic areas.

With a presence in over 100 countries, for more than three decades Heidelberg Engineering has been a reference in early detection of sight-threatening conditions such as glaucoma and age-related macular degeneration. As part of EssilorLuxottica, Heidelberg Engineering will continue to serve the market under their well-established brand, delivering the same solutions and expertise their customers have come to expect and trust.

The transaction is expected to close in the second semester of 2024 pending regulatory approvals and other customary closing conditions.

Outlook

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

Notes

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

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

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

4 Comparable or *pro forma* (revenue): comparable revenue includes 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 - Excerpts from the Condensed Consolidated Interim Financial Statements

Consolidated statement of profit or loss

€ millions	**First semester 2024**	**First semester 2023**
Revenue	13,290	12,851
Cost of sales	(4,761)	(4,629)
GROSS PROFIT	**8,529**	**8,221**
Research and development	(309)	(300)
Selling	(4,202)	(3,987)
Royalties	(130)	(127)
Advertising and marketing	(867)	(881)
General and administrative	(1,076)	(1,110)
Other income / (expenses)	(1)	15
Total operating expenses	**(6,586)**	**(6,389)**
OPERATING PROFIT	**1,943**	**1,832**
Cost of net debt	(79)	(60)
Other financial income / (expenses)	(2)	(12)
Share of profits of associates	(1)	(1)
PROFIT BEFORE TAXES	**1,861**	**1,759**
Income taxes	(428)	(322)
NET PROFIT	**1,433**	**1,437**
Of which attributable to:		
• owners of the parent	1,365	1,361
• non-controlling interests	67	77
Weighted average number of shares outstanding:		
• basic	452,082,248	445,293,176
• diluted	458,604,742	449,168,702
Earnings per share (EPS) for net profit attributable to owners of the parent (in euro):		
• basic	3.02	3.06
• diluted	2.98	3.03

Consolidated statement of financial position

Assets

€ millions	June 30, 2024	December 31, 2023
Goodwill	30,714	30,265
Intangible assets	10,630	11,014
Property, plant and equipment	5,252	5,182
Right-of-use assets	3,317	3,069
Investments in associates	82	81
Other non-current assets	1,006	803
Deferred tax assets	429	387
TOTAL NON-CURRENT ASSETS	**51,430**	**50,802**
Inventories	2,984	2,750
Trade receivables	3,351	2,936
Tax receivables	243	271
Other current assets	1,321	1,206
Cash and cash equivalents	2,165	2,558
TOTAL CURRENT ASSETS	**10,064**	**9,721**
TOTAL ASSETS	**61,494**	**60,523**

Consolidated statement of financial position

Equity and liabilities

€ millions	June 30, 2024	December 31, 2023
Share capital	82	82
Share premium reserve	23,506	22,882
Treasury shares reserve	(304)	(312)
Other reserves	14,376	13,298
Net profit/loss attributable to owners of the parent	1,365	2,289
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**39,026**	**38,239**
Equity attributable to non-controlling interests	603	653
TOTAL EQUITY	**39,629**	**38,891**
Non-current borrowings	5,069	6,559
Non-current lease liabilities	2,659	2,399
Employee benefits	435	431
Non-current provisions	224	234
Other non-current liabilities	48	123
Deferred tax liabilities	2,054	2,145
TOTAL NON-CURRENT LIABILITIES	**10,489**	**11,890**
Current borrowings	3,345	1,858
Current lease liabilities	850	841
Trade payables	2,577	2,381
Tax payables	788	561
Current provisions	309	345
Other current liabilities	3,509	3,756
TOTAL CURRENT LIABILITIES	**11,376**	**9,741**
TOTAL EQUITY AND LIABILITIES	**61,494**	**60,523**

Consolidated statement of cash flows

€ millions	First semester 2024	First semester 2023
NET PROFIT	**1,433**	**1,437**
Depreciation, amortization and impairment	1,513	1,463
(Gains) / losses from disposal of assets	2	2
Expense arising from share-based payments	71	72
Income taxes	428	322
Financial result, net	81	72
Other non-cash items	14	(11)
Changes in provisions	(40)	41
Changes in trade working capital	(456)	(548)
Changes in other operating receivables and payables	(500)	(343)
Taxes paid, net	(297)	(239)
Interest paid, net	(113)	(92)
NET CASH FLOWS PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**2,135**	**2,176**
Purchase of property, plant and equipment and intangible assets	(700)	(751)
Disposal of property, plant and equipment and intangible assets	4	3
Acquisitions of businesses, net of cash acquired	(70)	(75)
Changes in other non-financial assets	5	3
Purchases of other financial assets	(15)	(90)
NET CASH FLOWS PROVIDED BY / (USED IN) INVESTING ACTIVITIES	**(776)**	**(911)**
Share capital increase	2	2
(Purchase) / sale of treasury shares	26	(1)
Dividends paid:	(1,220)	(551)
- to the owners of the parent	(1,163)	(487)
- to non-controlling interests	(57)	(63)
Transactions with non-controlling interests	(138)	(25)
Cash payments for principal portion of lease liabilities	(464)	(471)
Issuance of bonds, private placement and other long-term debt	—	—
Repayment bonds, private placement and other long-term debt	(1,300)	(1,000)
Changes in other current and non-current borrowings	1,270	551
NET CASH FLOWS PROVIDED BY / (USED IN) FINANCING ACTIVITIES	**(1,824)**	**(1,496)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(465)**	**(230)**
Cash and cash equivalents at the beginning of the financial year	2,558	1,960
Effects of exchange rate changes on cash and cash equivalents	72	(42)
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**2,165**	**1,688**