2024 Interim Financial Report

EssilorLuxottica

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Table of contents

This is a free translation into English of the 2024 Interim Financial Report issued in French

First-half 2024 Management Report

Table of contents

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

Significant events of the period

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**

Condensed Consolidated Interim Financial Statements

Table of contents

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

Consolidated statement of profit or loss

€ millions	Notes	First semester 2024	First semester 2023
Revenue	4	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)	5	(1)	15
Total operating expenses		**(6,586)**	**(6,389)**
OPERATING PROFIT		**1,943**	**1,832**
Cost of net debt	6	(79)	(60)
Other financial income / (expenses)	6	(2)	(12)
Share of profits of associates		(1)	(1)
PROFIT BEFORE TAXES		**1,861**	**1,759**
Income taxes	7	(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:	8		
• 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):	8		
• basic		3.02	3.06
• diluted		2.98	3.03

Consolidated statement of comprehensive income

€ millions	First semester 2024	First semester 2023
NET PROFIT	**1,433**	**1,437**
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	5	(1)
Net investment hedges	—	—
Foreign currency translation differences	422	(701)
Related tax effect	(1)	(0)
TOTAL ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**425**	**(703)**
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on employee benefits	12	4
Equity investments at FVOCI – net change in fair value	48	(28)
Related tax effect	(2)	5
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**58**	**(19)**
TOTAL OTHER COMPREHENSIVE INCOME	**484**	**(722)**
TOTAL COMPREHENSIVE INCOME	**1,917**	**715**
Total comprehensive income attributable to:		
• owners of the parent	1,856	678
• non-controlling interests	60	37

Consolidated statement of financial position

Assets

€ millions	Notes	June 30, 2024	December 31, 2023
Goodwill	9	30,714	30,265
Intangible assets	9	10,630	11,014
Property, plant and equipment	10	5,252	5,182
Right-of-use assets	11	3,317	3,069
Investments in associates		82	81
Other non-current assets	12	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	12	1,321	1,206
Cash and cash equivalents	13	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	Notes	June 30, 2024	December 31, 2023
Share capital	14	82	82
Share premium reserve	14	23,506	22,882
Treasury shares reserve	14	(304)	(312)
Other reserves	14	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	14	603	653
TOTAL EQUITY		**39,629**	**38,891**
Non-current borrowings	15	5,069	6,559
Non-current lease liabilities	15	2,659	2,399
Employee benefits		435	431
Non-current provisions	16	224	234
Other non-current liabilities	17	48	123
Deferred tax liabilities		2,054	2,145
TOTAL NON-CURRENT LIABILITIES		**10,489**	**11,890**
Current borrowings	15	3,345	1,858
Current lease liabilities	15	850	841
Trade payables		2,577	2,381
Tax payables		788	561
Current provisions	16	309	345
Other current liabilities	17	3,509	3,756
TOTAL CURRENT LIABILITIES		**11,376**	**9,741**
TOTAL EQUITY AND LIABILITIES		**61,494**	**60,523**

Consolidated statement of changes in equity

First semester 2023

€ millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT JANUARY 1, 2023	**81**	**23,066**	**(360)**	**1,230**	**11,286**	**2,152**	**37,455**	**692**	**38,147**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**—**	**—**	**—**	**(661)**	**(22)**	**1,361**	**678**	**37**	**715**
Changes in consolidation scope and NCI	—	—	—	—	(41)	—	(41)	(24)	(64)
Acquisition of subsidiary with NCI	—	—	—	—	—	—	—	—	—
Acquisition of NCI without a change in control	—	—	—	—	*(8)*	—	*(8)*	*(0)*	*(8)*
Other changes related to NCI	—	—	—	—	*(33)*	—	*(33)*	*(23)*	*(56)*
Shares delivered to employees and exercise of stock options	0	2	7	—	(3)	—	6	—	6
Share-based payments	—	—	—	—	72	—	72	—	72
Net sale/(net purchase) of treasury shares	—	—	(19)	—	—	—	(19)	—	(19)
Allocation of net profit	—	—	—	—	2,152	(2,152)	—	—	—
Dividends paid	1	(218)	—	—	(271)	—	(487)	(63)	(551)
Hyperinflation accounting (IAS29)	—	—	—	—	59	—	59	—	59
EQUITY AT JUNE 30, 2023	**82**	**22,850**	**(372)**	**569**	**13,233**	**1,361**	**37,722**	**642**	**38,365**

Consolidated statement of changes in equity

First semester 2024

€ millions	Share capital	Share premium reserve	Treasury shares reserve	Translation reserve	Retained earnings and other reserves	Net profit attributable to owners of the parent	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
EQUITY AT JANUARY 1, 2024	**82**	**22,882**	**(312)**	**212**	**13,087**	**2,289**	**38,239**	**653**	**38,891**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**—**	**—**	**—**	**433**	**58**	**1,365**	**1,856**	**60**	**1,917**
Changes in consolidation scope and NCI	—	—	—	—	(83)	—	(83)	(49)	(133)
Acquisition of subsidiary with NCI	—	—	—	—	—	—	—	—	—
Acquisition of NCI without a change in control	—	—	—	—	*(49)*	—	*(49)*	*(13)*	*(62)*
Other changes related to NCI	—	—	—	—	*(35)*	—	*(35)*	*(36)*	*(71)*
Shares delivered to employees and exercise of stock options	0	2	9	—	(2)	—	8	—	8
Share-based payments	—	—	—	—	72	—	72	—	72
Net sale/(net purchase) of treasury shares	—	—	—	—	—	—	—	—	—
Allocation of net profit	—	—	—	—	2,289	(2,289)	—	—	—
Dividends paid	1	622	—	—	(1,786)	—	(1,163)	(61)	(1,224)
Hyperinflation accounting (IAS29)	0	—	—	—	98	—	98	—	98
EQUITY AT JUNE 30, 2024	**82**	**23,506**	**(304)**	**644**	**13,732**	**1,365**	**39,026**	**603**	**39,629**

Consolidated statement of cash flows

€ millions	Notes	First semester 2024	First semester 2023
NET PROFIT		**1,433**	**1,437**
Depreciation, amortization and impairment	5	1,513	1,463
(Gains) / losses from disposal of assets		2	2
Expense arising from share-based payments		71	72
Income taxes	7	428	322
Financial result, net	6	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	14	2	2
(Purchase) / sale of treasury shares	14	26	(1)
Dividends paid:		(1,220)	(551)
- to the owners of the parent	14	(1,163)	(487)
- to non-controlling interests	14	(57)	(63)
Transactions with non-controlling interests		(138)	(25)
Cash payments for principal portion of lease liabilities	15	(464)	(471)
Issuance of bonds, private placement and other long-term debt	15	—	—
Repayment bonds, private placement and other long-term debt	15	(1,300)	(1,000)
Changes in other current and non-current borrowings	15	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	13	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	**13**	**2,165**	**1,688**

Notes to the Condensed Consolidated Interim Financial Statements

General information

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

EssilorLuxottica's parent company is Delfin S.à r.l., a private limited liability company incorporated under the laws of Luxembourg.

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

These condensed consolidated interim financial statements are prepared under the responsibility of the Board of Directors. They were approved and authorized for issue by the Board of Directors on July 25, 2024.

Basis of preparation of the financial statements

Pursuant to the European Regulation No. 1606/2002 of July 19, 2002, the condensed consolidated interim financial statements for the six-month period ended June 30, 2024 have been prepared in accordance with the International Financial Reporting Standards (hereinafter also "IFRS") as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and in particular in accordance with IAS 34 – *Interim Financial Reporting.* They do not include all the information required in annual financial statements and should be read in conjunction with the Group’s consolidated financial statements for the year ended December 31, 2023.

The principles and standards utilized in preparing these condensed consolidated interim financial statements are the same applied in the preparation of the consolidated financial statements for the year ended December 31, 2023, with the exception of the principle applied for the recognition of income tax expenses (recognized based on the best estimate of the effective income tax rate expected for the full financial year) and the application of new standards and interpretations that are effective for reporting periods beginning on January 1, 2024 (see Note 1 - New accounting standards).

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

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

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

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

Climate and environmental risks

Due to the nature of the Group's activities, the current Group's exposure to the consequences of climate change is deemed to be limited. Nonetheless, EssilorLuxottica pays high vigilance to climate events and prepares the necessary adaptation measures to ensure business continuity. In the first-half of 2024, the Group continued to deliver its approach to sustainability, titled *Eyes on the Planet*, as presented in the Group's 2023 consolidated financial statements.

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

Significant events of the period

Update on licensed brands

As announced in July 2023, 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 became effective as of January 1, 2024. The main payment made in execution of the Kodak agreement was processed in January 2024 and the related asset has been recognized in the consolidated statement of financial position (see Note 9 - Goodwill and other intangible assets).

Furthermore, during the first half of the year the Group announced the early renewal of their licensing agreement for the development, production and worldwide distribution of prescription frames and sunglasses under the brands Michael Kors and Dolce&Gabbana. The payments made in execution of the Dolce&Gabbana agreement were processed in Q1 2024 and the related assets have been recognized in the consolidated statement of financial position (see Note 12 - Other current and non-current assets). The cash-out related to this transaction is reflected in the consolidated statement of cash flows in the line *Changes in other operating receivables and payables*).

In addition, the Group announced on June 18, 2024, the signature of a new and exclusive license agreement for the design, manufacture, and worldwide distribution of Diesel eyewear. The agreement is effective for a period from June 18, 2024 to 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.

Dividend distribution

The Annual Shareholders' Meeting of EssilorLuxottica held on April 30, 2024 approved the distribution of a dividend of €3.95 per ordinary share for the year 2023. The shareholders were granted the option to receive their dividend in newly issued shares at a price of €180.12 per share. At the end of the option period, 65% of 2023 dividend rights were exercised in favor of a payment in cash, it was 34% for the 2022 dividend (see the line *Dividend paid to the owner of the parent* in the consolidated statement of cash flows and Note 14 - Equity).

Macroeconomic environment and geopolitical uncertainties

The Group continues to operate in a macroeconomic and geopolitical environment that has not drastically changed compared to the one disclosed in the Group's 2023 consolidated financial statements and has not significantly affected the first-half of 2024.

Note 1 New accounting standards

1.1 New endorsed standards, amendments and interpretations that are effective for annual periods beginning on January 1, 2024

The Group adopted the following amendments endorsed by the European Union and effective for annual periods beginning on January 1, 2024:

– Amendments to IFRS 16 - *Leases* (Lease Liability in a Sale and Leaseback) issued on September 22, 2022, endorsed on November 20, 2023 and effective from annual periods beginning on January 1, 2024.

– Amendments to IAS 1 – *Presentation of Financial Statements:* Classification of Liabilities as Current or Non-current (issued on January 23, 2020), Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on July 15, 2020); and Non-current Liabilities with Covenants (issued on October 31, 2022), all endorsed on December 19, 2023 and effective from annual periods beginning on January 1, 2024.

– Amendments to IAS 7 - *Statement of Cash Flows* and IFRS 7 - *Financial Instruments:* Disclosures: Supplier Finance Arrangements (issued on 25 May 2023), endorsed on May 15, 2024 and effective from annual periods beginning on January 1, 2024.

The adoption of these amendments has no material impact on the Group condensed consolidated interim financial statements.

1.2 New endorsed standards, amendments and interpretations effective for annual periods beginning after January 1, 2024 and not yet adopted by the Group

There are no new standards and amendments effective for annual periods beginning after January 1, 2024 that have already been endorsed by the European Union.

Note 2 Business combinations

Over the period, no material acquisitions were completed. The business combinations accounted for in the period have no significant impact on the consolidated statement of financial position as of June 30, 2024, as well as on the consolidated statement of profit or loss and on the consolidated statement of cash flows for the first semester 2024.

Among the transactions accounted for in the period, the acquisition of Washin Optical Co., a Japanese optical retail player operating approximately 70 direct stores, announced by the Group on April 9, 2024.

No material differences arose from business combinations occurred in 2023.

Note 3 Segment information

3.1 Information by segment

The Group operates in two segments:

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

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

Information about other Group’s activities that are not reportable has been combined and disclosed in the *“Corporate costs and other”* category. It mainly refers to the costs related to corporate headquarters as well as to the amortization of intangible assets acquired in business combinations.

Information by operating segment for the six-month period ended June 30, 2024 as well as information by operating segment for the six-month period ended June 30, 2023 is presented below.

First semester 2024

€ millions	**Professional Solutions**	**Direct to Consumer**	**Corporate costs and other**	**First semester 2024**
Revenue	**6,414**	**6,876**	**—**	**13,290**
Operating profit before amortization of intangible assets acquired in business combinations [(a)]	**1,430**	**1,225**	**(189)**	**2,466**
Amortization of intangible assets acquired in business combinations				(523)
OPERATING PROFIT				**1,943**
Cost of net debt				(79)
Other financial income/(expenses)				(2)
Share of profits (loss) of associates				(1)
Income taxes				(428)
NET PROFIT				**1,433**
Acquisitions of property, plant and equipment and intangible assets	343	243	5	591
Amortization, depreciation and impairment	(301)	(664)	(548)	(1,513)

(a) The Operating profit of the *Professional Solutions* and *Direct to Consumer* segment is presented as if the two segments were two vertical integrated businesses functioning independently from one another (i.e The Operating profit of the *Professional Solutions* is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the *Direct to Consumer* segment. The Operating profit of the *Direct to Consumer* segment is related to retail revenue, considering the cost of goods acquired from the *Professional Solutions* segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue).

First semester 2023

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

(a) The Operating profit of the *Professional Solutions* and *Direct to Consumer* segment is presented as if the two segments were two vertical integrated businesses functioning independently from one another (i.e The Operating profit of the *Professional Solutions* is related to the revenue generated with third-party customers only, excluding the 'manufacturing profit' generated on the intercompany revenue with the *Direct to Consumer* segment. The Operating profit of the *Direct to Consumer* segment is related to retail revenue, considering the cost of goods acquired from the *Professional Solutions* segment at manufacturing cost, thus including the relevant 'manufacturing profit' attributable to this revenue).

3.2 Information by geographical area

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

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

Information by geographical area is as follows:

€ millions	First semester 2024	First semester 2023
North America	5,973	5,888
EMEA	4,969	4,717
Asia-Pacific	1,589	1,519
Latin America	759	727
REVENUE	**13,290**	**12,851**

The main countries in which the Group operated are the United States for North America (revenue amounting to €5,627 million for the six-month period ended June 30, 2024, €5,529 million in the first semester 2023) and France, Italy, the United Kingdom and Ireland for EMEA (cumulated revenue amounting to €2,179 million for the six-month period ended June 30, 2024, €2,118 million in the first semester 2023).

Note 4 Revenue

The breakdown of revenue by category is as follows:

€ millions	First semester 2024	First semester 2023
Sales of products	12,211	11,849
Managed vision care	789	767
Eye-exam and related professional fees	200	144
Income from franchisee royalties	76	76
Sub-lease income	14	15
REVENUE	**13,290**	**12,851**

The reconciliation between the breakdown by category of the Group's revenue and its two operating segments for the six-month period ended June 30, 2024 is as follows:

€ millions	Professional Solutions	Direct to Consumer	First semester 2024
Sales of products	6,414	5,797	12,211
Managed vision care	—	789	789
Eye-exam and related professional fees	—	200	200
Income from franchisee royalties	—	76	76
Sub-lease income	—	14	14
REVENUE	**6,414**	**6,876**	**13,290**

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

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

For information on contract assets and contract liabilities, see Note 12 - Other current and non-current assets and Note 17 - Other current and non-current liabilities.

Note 5 Operating income and expenses

5.1 Depreciation, amortization and impairment loss

For the six-month period ended June 30, 2024, the depreciation, amortization and impairment loss of property, plant and equipment, intangible assets and right-of-use assets amount to €1,513 million (€1,463 million for the first semester 2023).

5.2 Research and development costs

For the period ended June 30, 2024, the *Research and development* costs amount to €309 million (€300 million in the first semester of 2023).

5.3 Personnel costs and shared based payments

Personnel costs amount to €4,325 million (€4,085 million for the first semester 2023) including €89 million related to share-based payment expenses (€79 million for the first semester 2023).

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

Number of employees at closing date	**June 30, 2024**	**December 31, 2023**
North America	43,701	44,051
EMEA	71,775	70,615
Asia-Pacific	53,206	52,366
Latin America	25,011	24,674
TOTAL NUMBER OF EMPLOYEES	**193,693**	**191,706**

5.4 Other income and expenses

Other operating income and expenses are as follows:

€ millions	**First semester 2024**	**First semester 2023**
Capital gains / (losses) on disposals of operations and assets	(0)	(0)
Other	(1)	16
OTHER INCOME / (EXPENSES)	**(1)**	**15**

For the first semester 2023, the line *Other* reported in the table above mainly includes an other income resulting from the Group's M&A activities for €14 million.

Note 6 Financial income and expenses

Financial income and expenses are as follows:

€ millions	**First semester 2024**	**First semester 2023**
Interest on debt and borrowings and related derivatives	(68)	(48)
Interest on lease liabilities	(54)	(42)
Interest income	42	29
COST OF NET DEBT	**(79)**	**(60)**
Dividend income	2	1
Foreign exchange gains or losses	5	(5)
Interest income on lease receivables	2	1
Other	(11)	(10)
OTHER FINANCIAL INCOME / (EXPENSES)	**(2)**	**(12)**
FINANCIAL RESULT	**(81)**	**(72)**

Note 7 Income taxes

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

€ millions	First semester 2024	First semester 2023
Current year tax (expense) benefit	(594)	(410)
Deferred taxes	166	88
INCOME TAXES	**(428)**	**(322)**

The Income taxes expense is based on the best estimate of the effective income tax rate expected for the full financial year, excluding any significant discrete items that should instead be recognized in the related interim periods. For the first semester 2024, the Income taxes include the positive impact of a discrete item coming from the recognition of certain deferred tax assets on tax losses carried forward in the context of business reorganizations occurred over the period.

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

Pillar Two rules

The Pillar Two Global anti-Base Erosion rules (GloBE or Pillar Two Rules) were adopted in France at the end of 2023 and have been applicable since January 1, 2024. The application of these Pillar Two Rules aims to ensure that multinational enterprises pay a minimum amount of income tax from each jurisdiction in which they operate through the establishment of a top-up tax system guaranteeing an effective minimum tax rate of 15%.

According to these rules, EssilorLuxottica is considered a multinational enterprise group to which the Pillar Two Rules apply. The additional tax expense resulting from the application of Pillar Two Rules, estimated based on the forecasted year-end results, is overall not significant and has been recognized within the current tax expense in the consolidated statement of profit or loss for the first-half of 2024. Moreover, the Group has applied the mandatory IAS 12 exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes.

Note 8 Earnings per share

The net profit used for the calculation of earnings per share is €1,365 million (€1,361 million in the first semester 2023), while the average number of ordinary shares outstanding used for the calculation of basic earnings per share is 452,082,248 for the first semester 2024 (445,293,176 for the first semester 2023).

€ millions	First semester 2024	First semester 2023
Net profit (loss) used for the calculation	1,365	1,361
Weighted average number of ordinary shares	452,082,248	445,293,176
BASIC EARNINGS PER SHARE *(in euro)*	**3.02**	**3.06**

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

	First semester 2024	First semester 2023
Weighted average number of ordinary shares	452,082,248	445,293,176
Dilutive effect of stock subscription options	82,691	98,041
Dilutive effect of share grants	6,439,803	3,777,485
DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**458,604,742**	**449,168,702**
DILUTED EARNINGS PER SHARE *(in euro)*	**2.98**	**3.03**

As of June 30, 2024:

– 158,334 performance shares were excluded from the diluted weighted-average number of ordinary shares calculation as the related performance conditions were not met at the end of the reporting period (2,819,965 as of June 30, 2023);

– 185,974 stock subscription options were excluded from the diluted weighted-average number of ordinary shares calculation as their average value was greater than the average price during the respective period, i.e. anti-dilutive effect (319,167 as of June 30, 2023).

Note 9 Goodwill and other intangible assets

Changes in *Goodwill* and *Other intangible assets* in the first semester 2024 are as follows.

€ millions	Goodwill	Trade names, trademarks and brands	Technologies	Customer relationships	Other	Total
Balance as of January 1, 2024						
Historical cost	30,265	6,471	2,891	6,673	3,102	49,401
Accumulated amortization and impairment	—	(2,305)	(1,414)	(2,395)	(2,007)	(8,122)
NET BOOK VALUE AS OF JANUARY 1, 2024	**30,265**	**4,166**	**1,476**	**4,277**	**1,095**	**41,279**
Additions	—	0	0	—	151	151
Business combinations	51	2	—	—	2	54
Amortization	—	(123)	(137)	(244)	(147)	(651)
Impairment losses	—	(0)	(0)	—	(1)	(1)
Divestments and assets classified as held for sale	—	—	—	(0)	(1)	(1)
Translation differences and other [(a)]	399	42	1	65	6	513
TOTAL CHANGES	**450**	**(79)**	**(136)**	**(179)**	**10**	**66**
Balance as of June 30, 2024						
Historical Cost	30,714	6,550	2,895	6,768	3,250	50,177
Accumulated amortization and impairment	—	(2,463)	(1,554)	(2,670)	(2,145)	(8,833)
NET BOOK VALUE AS OF JUNE 30, 2024	**30,714**	**4,087**	**1,341**	**4,098**	**1,104**	**41,344**

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

In the first semester 2024, *Goodwill* increased by €450 million, of which €399 million resulting from foreign currency fluctuations of the period.

Overall, the variance of the other intangible assets (a decrease 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), and foreign currency fluctuations, for €114 million, partially offset by new additions for €151 million mainly related to licenses and IT investments.

9.1 Impairment tests

9.1.1 Impairment test on goodwill

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

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

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

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

€ millions	January 1, 2024	Changes	June 30, 2024
Professional Solutions	21,235	263	21,498
Direct to Consumer - Optical	7,685	133	7,818
Direct to Consumer - Sun	1,345	54	1,399
TOTAL	**30,265**	**450**	**30,714**

The net increase of the period mainly comes from the foreign currency fluctuations (€399 million decrease) and, to a lesser extent, by the business combinations of the period (€51 million).

As of June 30, 2024, management did not identify any impairment indicators, accordingly no impairment test on goodwill was performed as part of the half year closing. The annual impairment test on goodwill will be performed as part of the 2024 year end closing.

9.1.2 Impairment test of other intangible assets

Regarding other intangible assets, specific impairment tests have been performed when the Group identified an impairment indicator. The impairment losses on intangible assets recognized in the first semester 2024 are immaterial.

Note 10 Property, plant and equipment

Changes in items of *Property, plant and equipment* in the first semester 2024 are as follows.

€ millions	Land, Buildings and related leasehold improvements	Plant, equipment, machinery	Other	Total
Balance as of January 1, 2024				
Historical cost	3,794	4,408	2,587	10,789
Accumulated amortization and impairment	(1,712)	(2,703)	(1,192)	(5,607)
NET BOOK VALUE AS OF JANUARY 1, 2024	**2,082**	**1,705**	**1,395**	**5,182**
Additions	62	85	292	440
Business combinations	14	1	1	16
Depreciation	(109)	(176)	(91)	(377)
Impairment losses	(2)	(5)	(3)	(10)
Disposals and assets classified as held for sale	(2)	(7)	(1)	(10)
Translation differences and other [(a)]	234	123	(346)	11
TOTAL CHANGES	**196**	**21**	**(148)**	**70**
Balance as of June 30, 2024				
Historical Cost	4,136	4,597	2,503	11,236
Accumulated amortization and impairment	(1,858)	(2,871)	(1,256)	(5,985)
NET BOOK VALUE AS OF JUNE 30, 2024	**2,278**	**1,726**	**1,247**	**5,252**

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

Specific impairment tests were performed as of June 30, 2024, when the Group identified impairment indicators. The impairment losses on tangible assets recognized in the first semester 2024 amounted to €10 million.

Note 11 Leases

11.1 *Right-of-use assets*

The following tables summarize the amounts recognized in the Group consolidated statement of financial position as a result of the application of IFRS 16. In particular, the tables show the carrying amounts of the Group's right-of-use assets as well as their movements during the six-month period ended June 30, 2024.

€ millions	Store and other buildings	Equipment and machinery	Other	Total
NET BOOK VALUE AS OF JANUARY 1, 2024	**3,021**	**18**	**30**	**3,069**
Additions	683	2	15	699
Business combinations	15	—	—	15
Depreciation	(463)	(2)	(10)	(475)
Impairment losses	—	—	—	—
Divestments and assets classified as held for sale	(2)	—	(0)	(2)
Translation differences and other	11	1	(0)	11
NET BOOK VALUE AS OF JUNE 30, 2024	**3,264**	**18**	**36**	**3,317**

11.2 *Maturity of the Group's lease liabilities*

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
LEASE LIABILITIES	850	715	507	404	291	742	**3,509**

11.3 *Expenses related to leases*

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

€ millions	First semester 2024	First semester 2023
Depreciation expenses on right-of-use assets	(475)	(460)
Rent expenses - short-term leases	(7)	(7)
Rent expenses - leases of low-value assets	(13)	(13)
Rent expense - variable lease payments	(293)	(294)
TOTAL AMOUNTS RECOGNIZED IN OPERATING PROFIT	**(789)**	**(774)**

Note 12 Other current and non-current assets

Other current and non-current assets as of June 30, 2024 and December 31, 2023 are detailed below:

€ millions	**June 30, 2024**	**December 31, 2023**
Equity investments	389	324
Trade receivables	143	97
Derivative financial instruments	0	—
Financial lease receivables	76	75
Other	399	308
OTHER NON-CURRENT ASSETS	**1,006**	**803**
Social and sales tax receivable	322	307
Advances to suppliers	124	116
Prepaid expenses	334	228
Derivative financial instruments	27	12
Short-term investments	—	0
Financial lease receivables	18	17
Other	497	525
OTHER CURRENT ASSETS	**1,321**	**1,206**

The line *Equity investments* mainly includes non-controlling interest in companies operating in the optical retail industry and subject to fair value measurement through other comprehensive income.

The line *Other* within the *Other non-current assets* mainly includes non-current advance payments related to royalties and security deposits. This line also includes contract assets for a total amount of €18 million (€17 million as of December 31, 2023). The increase of the period is mainly due to advances in royalty payments related to the renewal of the Dolce & Gabbana license (commented in the paragraph *Significant events of the period*).

The line *Other* within the *Other current assets* includes the deposits transferred to public authorities in the context of antitrust proceedings, amounting to €206 million (see Note 19 - Contingencies and commitments, paragraph *19.2 Litigation and contingent liabilities*). Contract assets included in this line amount to €17 million (€16 million as of December 31, 2023).

Note 13 Cash and cash equivalents

Cash and cash equivalents are as follows:

€ millions	**June 30, 2024**	**December 31, 2023**
Cash in hand and at bank	1,953	1,663
Time deposits	195	872
Money market funds	17	23
Cash and cash equivalents	**2,165**	**2,558**

Note 14 Equity

14.1 *Number of shares*

The changes in number of shares between January 1 and June 30 for the years 2024 and 2023 are as follows:

In number of shares	First semester 2024	First semester 2023
NUMBER OF SHARES AS OF JANUARY 1	**453,847,215**	**447,688,233**
Scrip dividend	3,457,244	5,909,082
Exercise of stock options [(a)]	16,291	15,150
NUMBER OF SHARES AS OF JUNE 30	**457,320,750**	**453,612,465**

(a) Including 2,459 shares which were delivered but not yet registered as of June 30, 2024 (15,150 shares as of June 30, 2023).

14.2 *Share capital and Share premium reserve*

The share capital of the Company amounted to €82 million as of June 30, 2024 and was comprised of 457,320,750 ordinary shares with a par value of €0.18 each (€82 million as of December 31, 2023 comprising 453,847,215 ordinary shares).

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

In number of shares / € millions	Number of shares	Share capital	Share premium reserve
POSITION AS OF JANUARY 1	**453,847,215**	**82**	**22,882**
Dividend payment	3,457,244	1	622
Employee stock ownership plan	—	—	—
Exercise of stock options	16,291	0	2
POSITION AS OF JUNE 30	**457,320,750**	**82**	**23,506**

14.3 *Treasury shares reserve*

As of June 30, 2024, the Group held 1,748,676 EssilorLuxottica's shares valued at €304 million (1,803,854 EssilorLuxottica's shares valued at €312 million as of December 31, 2023).

During the six-month period ended June 30, 2024, no share buyback program was launched by the Company.

14.4 *Retained earnings and other reserves*

Retained earnings and other reserves amount to €13,732 million as of June 30, 2024 (€13,087 as of December 31, 2023).

The main changes accounted in the period refer to the allocation of 2023 net profit attributable to owners of the parent (€2,289 million) partially counterbalanced by the dividend distribution described in the following paragraph (€1,786 million), the share-based payments costs recorded in the first semester of 2024 (€71 million increase compared to December 31, 2023), the delivery of shares to employees in the context of share-based plans served with treasury shares (€9 million decrease compared to December 31, 2023), transactions with non-controlling interests (€83 million decrease compared to December 31, 2023) and the effect resulting from the application of hyperinflation accounting (€98 million increase compared to December 31, 2023) knowing that impact on the statement of profit or loss is non material. These impacts are calculated based on the change in the *Consumer Price Index* published by the Turkish Statistical Institute.

14.5 Dividends

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

At the end of the option period (May 28, 2024), 157,650,962 dividend rights were exercised in favor of the payment of the 2023 dividend in shares. Accordingly, a total dividend distribution of €1,786 million was accounted for in the semester:

- 3,457,244 new EssilorLuxottica's shares were issued and delivered, representing a dividend distribution equal to €623 million; and
- €1,163 million was paid in cash to those shareholders who did not opt for the *scrip dividend*.

Both the cash and the *scrip* dividend were paid on June 3, 2024. On the same day, the newly issued shares were admitted to trading on Euronext Paris. Those shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

Over the first semester 2023, a *dividend* amounting to €3.23 per share was paid on June 7, 2023 to the shareholders for a total amount of €1,438 million, of which €487 million paid in cash and €951 million in shares (*scrip dividend)*.

The total dividend distributed to non-controlling shareholders in the first semester 2024 amounted to €61 million (€63 million during the same period of 2023).

14.6 Non-controlling interests

Equity attributable to non-controlling interests amounted to €603 million as of June 30, 2024 and €653 million as of December 31, 2023.

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

€ millions	2024
POSITION AS OF JANUARY 1, 2024	**653**
Total comprehensive income of the period	60
Changes in consolidation scope and NCI	(49)
Acquisition of subsidiaries with NCI	—
Acquisition of NCI without a change in control	*(13)*
Other changes related to NCI	*(36)*
Dividends paid	(61)
POSITION AS OF JUNE 30, 2024	**603**

Note 15 Financial debt, including lease liabilities

Total financial debt is €11,923 million as of June 30, 2024 (€11,656 million as of December 31, 2023).

The changes in financial debt during the six-month period ended June 30, 2024 are as follows:

€ millions	Balance as of January 1, 2024	Change in financing flows [(a)]	Scope effects	Translation differences	Other [(b)]	Balance as of June 30, 2024
Non-current borrowings	6,559	2	0	3	(1,495)	5,069
Non-current lease liabilities	2,399	—	12	24	225	2,659
TOTAL NON-CURRENT FINANCIAL DEBT	**8,958**	**2**	**12**	**27**	**(1,270)**	**7,728**
Current borrowings	1,858	(32)	17	18	1,484	3,345
Current lease liabilities	841	(464)	0	4	468	850
TOTAL CURRENT FINANCIAL DEBT	**2,698**	**(496)**	**18**	**22**	**1,952**	**4,195**
TOTAL FINANCIAL DEBT	**11,656**	**(494)**	**30**	**49**	**682**	**11,923**

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

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

The Group uses debt financing to raise financial resources for medium/long-term business operations and to finance acquisitions. The overall increase by €267 million in total financial debt is mainly linked to the increase of Commercial paper position by €1,303 million and by the increase of the lease liabilities whereas three Eurobonds, matured between January and April 2024, were repaid over the period for a total amount of €1,300 million (face value).

15.1 Non-current borrowings

The table below summarizes the Group's non-current borrowings as of June 30, 2024.

€ millions	June 30, 2024	December 31, 2023	Face value	Currency	Nominal interest rate	Issue date dd/mm/yyyy	Maturity dd/mm/yyy
Eurobond[(a)]	989	989	1,000	EUR	0.75%	27/11/2019	27/11/2031
Eurobond[(b)]	1,245	1,245	1,250	EUR	0.50%	05/06/2020	05/06/2028
Eurobond[(a)]	1,492	1,491	1,500	EUR	0.38%	27/11/2019	27/11/2027
US private placement	91	88	100	USD	2.65%	05/01/2017	05/01/2027
Eurobond[(b)]	1,248	1,247	1,250	EUR	0.38%	05/06/2020	05/01/2026
Eurobond[(a)(c)]	—	1,496	1,500	EUR	0.13%	27/11/2019	27/05/2025
Other	3	3					
NON-CURRENT BORROWINGS	**5,069**	**6,559**					

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

As of June 30, 2024, non-current borrowings decreased by €1,490 million compared to December 31, 2023, mainly due to the reclassification from non-current to current borrowings of a €1,500 million (face value) Eurobond now due within 12 months from the reporting date.

The Group's debt agreements contain certain financial covenants (for more details see Note 18 - Financial instruments and management of market risks). As of June 30, 2024, the Company was in compliance with these financial covenants.

15.2 Current borrowings

As of June 30, 2024, the Group's short-term funding structure was as follows:

€ millions	June 30, 2024	December 31, 2023	Face value	Currency	Nominal interest rate	Issue date dd/mm/yyyy	Maturity dd/mm/yyyy
Eurobond[(a)(b)]	1,498	—	1,500	EUR	0.13%	27/11/2019	27/05/2025
Eurobond[(d)]	—	299	300	EUR	2.38%	09/04/2014	09/04/2024
Eurobond[(d)]	—	501	500	EUR	2.63 %	10/02/2014	10/02/2024
Eurobond[(c)(d)]	—	500	500	EUR	0.25%	05/06/2020	05/01/2024
Commercial paper[(d)]	1,755	452	500	USD	5.42%		
Other[(d)]	92	106					
CURRENT BORROWINGS	**3,345**	**1,858**					

(a) Reclassified from *Non-current borrowings.*
(b) Those lines refer to the 5BIL Bonds issued on November 27, 2019.
(c) This line refers to the 3BIL Bonds issued on June 5, 2020.
(d) Changes compared to December 31, 2023 balances are reported within the line *Repayment of bonds, private placements and other long-term debts* and *Changes in other current and non-current borrowings* in the consolidated statement of cash flows for the period ended June 30, 2024.

The other current borrowings correspond to short-term bank borrowings, overdraft and accrued interest, and amount to €92 million as of June 30, 2024 (€106 million as of December 31, 2023).

The main changes in the Group's current borrowings correspond to the reimbursement of three Eurobonds and of various Commercial Paper as well as the reclassification from non-current to current borrowings as mentioned above.

15.3 Net debt

The table below summarizes the Group's Net debt as of June 30, 2024 and December 31, 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 [(a)]	—	—
Cash and cash equivalents	(2,165)	(2,558)
TOTAL ASSET	**(2,165)**	**(2,558)**
Financial debt derivatives at fair value	—	(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**

(a) As reported in Note 12 - Other current and non-current assets.

Note 16 Provisions (current and non-current)

The balances as of June 30, 2024 and December 31, 2023 are detailed below:

€ millions	June 30, 2024	December 31, 2023
Warranty and returns	129	135
Legal claims/cases	137	134
Self-insurance	28	28
Restructuring and other risks	239	282
TOTAL PROVISIONS	**533**	**578**
of which current provisions	*309*	*345*
of which non-current provisions	*224*	*234*

The changes in provision for the six-month period ended June 30, 2024 are as follows:

€ millions	Warranty and returns	Legal claims/cases	Self-insurance	Restructuring and other risks	Total
BALANCE AS OF JANUARY 1, 2024	**135**	**134**	**28**	**282**	**578**
Provisions for the period	29	9	15	49	102
Utilization and releases	(37)	(2)	(15)	(93)	(147)
Translation differences	0	2	1	(1)	2
Business combinations	(0)	—	—	—	(0)
Other movements	2	(5)	(1)	2	(3)
TOTAL CHANGES	**(6)**	**3**	**(0)**	**(43)**	**(46)**
BALANCE AS OF JUNE 30, 2024	**129**	**137**	**28**	**239**	**533**
of which current provisions	*104*	*58*	*11*	*136*	*309*
of which non-current provisions	*25*	*79*	*17*	*103*	*224*

Provisions (current and non-current) decreased by €46 million in the period. The provisions for the period, €102 million, was counterbalanced by utilization and releases for about €(147) million and other movements for approximately €(3) million (including foreign currency translation effects).

Note 17 Other current and non-current liabilities

Other current and non-current liabilities as of June 30, 2024 and December 31, 2023 are detailed below:

€ millions	June 30, 2024	December 31, 2023
Liabilities related to long-term put options over non-controlling interests	3	70
Trade payables and liabilities related to long-term financial investments	15	15
Derivative financial instruments	1	1
Other	29	36
OTHER NON-CURRENT LIABILITIES	**48**	**123**
Liabilities related to short-term put options over non-controlling interests	339	306
Liabilities related to short-term financial investments	20	32
Personnel expenses, social contribution, VAT and other indirect tax payables	1,387	1,390
Premium and discount	430	555
Payables with extended payment terms	440	490
Derivative financial instruments	15	27
Other	878	955
OTHER CURRENT LIABILITIES[(a)]	**3,509**	**3,756**

(a) The carrying value of the other current liabilities is assumed to approximate the fair value due to their short-term nature.

The increase in the liabilities related to short-term put options over non-controlling interests is due to the combined effect of the revaluation of the period and the reclassification, from other non-current liabilities, of the put options expected to be exercised within 12 months from the reporting date.

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

No guarantees are provided by the Group or any of its subsidiaries under the SCF program and the Group has neither an economic interest in a supplier's decision to participate in the SCF program nor a direct financial relationship with the financial institution, as it relates to the SCF program. Suppliers who opted to join this supply chain finance program have enabled the Group to benefit from an extension of the payment terms of their debts towards these suppliers without any consideration. Compared to the usual payment terms applied to the Group in the different regions in which it operates, the extension can vary in a range of 60 up to 120 days.

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

As of June 30, 2024, the amounts due to suppliers elected to participate in the SCF program included in *Other current liabilities* (line *Payables with extended payment terms*) amount to €440 million (€490 million as of December 31, 2023). Those payables have a similar nature and function to trade payables, being related to the Group's normal operating cycle. At Group level, on average, approximately 70% of the outstanding amount at the end of the reporting period was already collected by the supplier through the SCF programs.

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

The lines *Other* in the *Other non-current liabilities* and in the *Other current liabilities* include contract liabilities for respectively €15 million and €202million (€15 million and €209 million as of December 31, 2023).

Note 18 Financial instruments and management of market risks

The Group's results are exposed to the risks and uncertainties set out in the 2023 Consolidated financial statements. The assessment of these risks did not change during the first-half of 2024 and no new risks have been identified at the date of publication of this report.

18.1 Financial instruments recognized in the consolidated statement of financial position

€ millions	Notes	Total June 30, 2024	Financial assets/(liabilities) at fair value through profit or loss	Equity investments at fair value through other comprehensive income	Financial assets/(liabilities) at amortized cost	Other financial liabilities	Derivatives documented in hedging relationships
Equity investments	12	389	—	389	—	—	—
Trade receivables	18.2.2	93	—	—	93	—	—
Finance lease receivables (current and non-current)	12	3,493	—	—	3,493	—	—
Social and sales tax receivable	12	322	—	—	322	—	—
Advances to suppliers	12	124	—	—	124	—	—
Other financial instruments *(excluding derivatives)* (a)	12	41	0	(0)	41	—	—
Derivative financial instruments	12	28	26	—	—	—	1
Cash and cash equivalents	13	2,165	17	—	2,148	—	—
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS		**6,654**	**43**	**389**	**6,220**	**—**	**1**
Non-current borrowings	15	5,069	—	—	5,069	—	—
Other non-current financial liabilities *(excluding derivatives)* (b)	17	33	10	—	19	3	—
Current borrowings	15	3,345	—	—	3,345	—	—
Trade payables		2,577	—	—	2,577	—	—
Other current financial liabilities *(excluding derivatives)* (c)	17	359	20	—	0	339	—
Derivative financial instruments	17	16	10	—	—	—	6
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES		**11,397**	**40**	**—**	**11,009**	**342**	**6**

(a) Other financial instruments mainly comprise security deposits and loans which are classified within the line item *Other* in the Other current and non-current assets (See Note 12 - Other current and non-current assets).
(b) Excluding IFRS 15 contract liabilities.
(c) Excluding personnel expenses, social contribution, VAT and other indirect tax payables, premium and discount, other current liabilities and IFRS 15 contract liabilities.

The carrying value of assets and liabilities recorded at amortized cost is close to its fair value, except for long-term borrowings for which fair value is €4,636 million (€6,559 million as of December 31, 2023).

18.2 Counterparty risk

18.2.1 Credit risk related to financial counterparties

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

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

18.2.2 Credit risk related to commercial counterparties

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

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

As of June 30, 2024, non-provisioned past due trade receivables amount to €142 million (€300 million at the end of 2023).

€ millions	**June 30, 2024**	**December 31, 2023**
Trade receivables due within one year [(a)]	3,351	2,936
Trade receivables due beyond one year [(b)]	143	97
of which:		
trade receivables not yet due	*3,027*	*2,734*
past due trade receivables	*142*	*300*

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

18.3 Liquidity risk

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

As of June 30, 2024, most of the Group's long-term financing and credit facilities are concentrated on EssilorLuxottica which then refinances its subsidiaries. Some companies may, however, need to arrange their own local financing when local regulations hamper intra-Group arrangements.

As of June 30, 2024, the Group had €2,257 million of committed credit facilities with leading banks. Drawing down these lines is not subject to any covenant. As of June 30, 2024, none of these lines had been used.

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

	Long term	Short term	Outlook	Effective date
Moody's	A2	P-1	Stable	September 27, 2023
Standard & Poor's	A	A-1	Stable	April 13, 2023

The distribution of the Group's Net debt (excluding lease liabilities) and available credit facilities by contractual maturity at the end of the first semester 2024 was as follows:

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
Bonds	1,498	1,248	—	2,737	—	989	6,472
Commercial Paper	1,755	—	—	—	—	—	1,755
Bank loans	16	0	—	—	—	—	16
Private Placement	—	—	91	—	—	—	91
Overdraft	24	—	—	—	—	—	24
Others debt	51	3	0	0	—	—	55
GROSS DEBT	**3,345**	**1,251**	**91**	**2,738**	**—**	**989**	**8,414**
Short-term investments	0	—	—	—	—	—	0
Cash & cash equivalents	(2,165)	—	—	—	—	—	(2,165)
Financial debt derivatives at fair value							0
NET DEBT (EXCLUDING LEASE LIABILITIES)	**1,180**	**1,251**	**91**	**2,738**	**—**	**989**	**6,249**
Available committed syndicated credit facilities	—	—	—	1,750	—	—	1,750
Available committed bilateral bank facilities	—	250	—	—	257	—	507
Available committed bridge facilities	—	—	—	—	—	—	—

The distribution of the Group’s nominal gross debt (i.e. face value) by contractual maturity at the end of the first semester 2024 was as follows:

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
Bonds	1,515	1,274	19	2,769	8	1,023	6,608
Commercial Paper	1,755	—	—	—	—	—	1,755
Bank loans	16	0	—	—	—	—	16
Private Placement	1	2	96	—	—	—	99
Overdraft	24	—	—	—	—	—	24
Others debt	55	3	0	0	—	—	58
NOMINAL GROSS DEBT	**3,367**	**1,279**	**115**	**2,769**	**8**	**1,023**	**8,561**

Some of the financing agreements of the Group (see Note 15 - Financial debt, including lease liabilities) require compliance with negative pledges and financial covenants, as set forth in the respective agreements.

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

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

Compliance with these covenants is monitored by the Group at the end of each semester and, as of June 30, 2024, the Group is fully in compliance with these covenants.

18.4 Commodities' risk

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

Note 19 Contingencies and commitments

19.1 Commitments

Commitments are disclosed in Note 26 - Contingencies and commitments to the 2023 consolidated financial statements.

There were no material changes in the amount or nature of these commitments between December 31, 2023 and June 30, 2024.

19.2 Litigation and contingent liabilities

19.2.1 Alleged anti-competitive practices

French Competition Authority Investigation

Essilor

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

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

On February 15, 2023, €81 million was transferred to the French Authorities pending the decision on appeal which is expected within the next twelve months. This transfer is considered as a deposit made to a public authority in the context of the overall procedure (see Note 12 - Other current and non-current assets).

Luxottica

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

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

Turkish Competition Authority Investigation

Following an investigation initiated in 2021, the Group was sentenced by the Turkish Competition Authority to a TRY 492 million fine on August 18, 2023 for breach of its exclusivity commitment and abusive bundling. EssilorLuxottica strongly disagrees with the Turkish Competition Authority and will appeal its decision, confident that it will successfully demonstrate that this decision is ungrounded.

Other Anti-trust investigations

The Group is under an investigation initiated in 2022 by the Greek Competition Authority in relation to local commercial practices.

Moreover, in the United States, the Federal Trade Commission has recently issued a Civil Investigative Demand to Group subsidiaries in relation to business practices within the optical industry.

The Group is working with the relevant authorities in connection with these ongoing investigations.

19.2.2 Class actions

In 2023 an agreement was reached to settle a class action where a US Group subsidiary of EssilorLuxottica is a defendant. The settlement is pending its final approval from the Court. The Group reassessed accordingly the related provision (see Note 16 - Provisions (current and non-current)). The settlement amount is partially covered by an insurance contribution (see Note 12 - Other current and non-current assets).

Moreover, certain EssilorLuxottica Group's entities, primarily US and Canadian subsidiaries, are defendant in class actions and putative class actions brought before Federal, State and Provincial courts alleging suppression of competition, price fixing, false and misleading advertising, misleading representations, warranty claims, unlawful control of optometrists and data security breaches. This includes, among others, several putative class actions filed in the second semester of 2023 in US Federal Courts for alleged price fixing and monopolization. The relevant entities dispute the merits of all of these actions.

19.2.3 Tax disputes

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

19.2.4 Other existing proceeding

Shamir Optical, a US Company's subsidiary, is involved in a court case which also involves the US Department of Justice, with regard to certain promotional activities.

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

At the end of the first semester 2024, such other ongoing legal proceedings known to the Group are not likely to have significant impacts on the Group’s financial position or profitability.

Note 20 Related party transactions

Main related parties are:

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

Moreover, as Delfin S.à r.l. is EssilorLuxottica's parent company, the Company's related parties also include Delfin's related parties.

The relationships between the Group and its related parties are of a commercial nature and those transactions were concluded at arm’s length within the normal day-to-day business operations and there is no significant variation compared with the prior year.

Note 21 Subsequent events

EssilorLuxottica to Acquire Supreme® from VF Corporation

EssilorLuxottica and VF Corporation, a global leader in branded lifestyle apparel, footwear and accessories, announced on July 17, 2024 that they have entered into a definitive agreement for EssilorLuxottica to acquire the Supreme® brand from VF Corporation 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 2024, subject to customary closing conditions and regulatory approvals.

EssilorLuxottica to acquire a majority stake in Heidelberg Engineering

EssilorLuxottica and Heidelberg Engineering announced on July 17, 2024, 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 H2 2024 pending regulatory approvals and other customary closing conditions.

Appendix 1

Exchange Rates

Per EUR 1		Closing rates June 30, 2024	Closing rates December 31, 2023	Average rates First semester 2024	Average rates First semester 2023
AUD	Australian Dollar	1.6079	1.6263	1.6422	1.5989
BRL	Brazilian Real	5.8915	5.3618	5.4922	5.4827
CAD	Canadian Dollar	1.4670	1.4642	1.4685	1.4565
CNY	Chinese Yuan	7.7748	7.8509	7.8011	7.4894
GBP	British Pound	0.8464	0.8691	0.8546	0.8764
HKD	Hong Kong Dollar	8.3594	8.6314	8.4540	8.4709
JPY	Japanese Yen	171.9400	156.3300	164.4613	145.7604
INR	Indian Rupee	89.2495	91.9045	89.9862	88.8443
MXN	Mexican Peso	19.5654	18.7231	18.5089	19.6457
USD	US Dollar	1.0705	1.1050	1.0813	1.0807

Statutory auditors' review report on the interim financial information

For the period from January 1, 2024 to June 30, 2024

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

To the shareholders of EssilorLuxottica

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

- the review of the accompanying condensed consolidated interim financial statements of EssilorLuxottica for the period from January 1, 2024 to June 30, 2024,
- the verification of the information presented in the interim management report.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

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

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

Neuilly-sur-Seine and Paris-La Défense, July 25, 2024

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Forvis Mazars	
Stéphane Basset	Pierre-Olivier Etienne	Guillaume Devaux	Julien Madile

Statement by the Person Responsible for the 2024 Interim Financial Report

I declare that, to the best of my knowledge, (i) the condensed consolidated financial statements for the first six months of 2024 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of EssilorLuxottica and the consolidated companies, and (ii) the accompanying interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Charenton-le-Pont, France, July 25, 2024

Francesco Milleri
Chairman and Chief Executive Officer