2022 Interim Financial Report

EssilorLuxottica


Leonardo Del Vecchio
1935-2022

EssilorLuxottica

Table of contents

This is a free translation into English of the 2022 Interim Financial Report issued in French

First-half 2022 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

Tribute to Leonardo Del Vecchio, and appointment of new Chairman

On June 28, 2022, EssilorLuxottica's Board of Directors met and paid homage to Chairman, Leonardo Del Vecchio, who passed away peacefully on June 27, 2022. He will forever be remembered for his values, robust leadership, passion, exceptional character as well as his dedication toward the company and its employees.

During the meeting, the Board of Directors appointed Francesco Milleri as its new Chairman for the remaining duration of his mandate. Francesco Milleri will also carry on assuming his term of office as Chief Executive Officer of EssilorLuxottica.

The Board further decided to examine the benefits of appointing a lead director among its independent members. A final decision will be taken in this regard before year-end.

The Board further confirmed Paul du Saillant as Deputy Chief Executive Officer of EssilorLuxottica.

New members of EssilorLuxottica's Board of Directors

On January 20, 2022, EssilorLuxottica's Board of Directors appointed Virginie Mercier Pitre as a new Director. This followed her nomination as the new President of Valoptec Association, the independent Association of EssilorLuxottica's employee shareholders. Her nomination to the Board of Directors was ratified at the EssilorLuxottica Annual Shareholders' Meeting held on May 25, 2022. Upon joining the Board of Directors, Mrs. Mercier Pitre became a member of its Corporate Social Responsibility (CSR) Committee.

Mrs. Mercier Pitre replaces on the Board of Directors Juliette Favre, who was President of Valoptec Association from 2015 to 2021 and served three terms on the Valoptec Board, which is the maximum allowed by the Association bylaws.

On June 28, 2022, the Board co-opted Mario Notari as a new Director. Mario Notari is full Professor of Company and Business Law at Università Bocconi in Milan and member of the Phd Board in Business Law at Università Bocconi. He is also founder and partner of "ZNR notai", public notaries and lawyers in Milan. He was Director of Luxottica Group S.p.A. from 2015 to 2018 and is a Director of Delfin S.à.r.l..

Mr Notari will be considered as a non-independent director on the Board of EssilorLuxottica. His appointment will be submitted to shareholders' vote at the next Annual Shareholders' Meeting of the Company.

Share buyback programs

On February 1, 2022, EssilorLuxottica announced the launch of a share buyback program. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 1,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from February 1, 2022, up until March 31, 2022 included. 1,500,000 EssilorLuxottica's shares have been acquired from February 1 to February 8, 2022 at an average price of €174.14 per share. EssilorLuxottica launched this share buyback program in accordance to the 10th resolution approved by the Annual Shareholders' Meeting of May 21, 2021.

On June 17, 2022, EssilorLuxottica announced the launch of a new share buyback program. With a view to implementing this share buyback program, EssilorLuxottica granted a mandate to an investment services provider for the purchase of up to 2,500,000 EssilorLuxottica shares, depending on market conditions, over a period starting from June 17, 2022, up until August, 31 2022 included. As of June 30, 2022, 544,723 EssilorLuxottica's shares have been acquired at an average price of €138.85 per share. EssilorLuxottica launched this share buyback program in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of May 25, 2022.

The launch of these share buyback programs reflects the Group's confidence in its value creation and long-term prospects. The shares so acquired are intended to be awarded or transferred to employees and corporate directors of EssilorLuxottica and affiliated companies, especially in the context of profit-sharing plans, bonus and performance share awards, stock option plans, and employee share ownership plan.

EssilorLuxottica closes the acquisition of Walman

On March 1, 2022, EssilorLuxottica announced the closing of its acquisition of US based lab network Walman Optical, a leading lab partner to vision care practices around the country. First announced in March 2021, the acquisition will draw on EssilorLuxottica's focus on product and service innovation to create growth opportunities for Walman Optical.

European divestment

On March 2, 2022, EssilorLuxottica, GrandVision and Vision Group, one of the largest distribution networks for Italian opticians and a retail player under the VisionOttica banner, announced that the companies had completed the transaction for Vision Group to acquire the VistaSì chain in Italy, including the brand and all the 99 stores, and 75 GrandVision stores in the country.

On April 4, 2022, EssilorLuxottica, GrandVision and the Optic Retail International Group BENE, a member of MPG Austria ("ORIG/MPG"), announced that the companies had completed the transaction for ORIG/MPG to acquire 142 EyeWish stores in the Netherlands and 35 GrandOptical stores in Belgium.

Both transactions follow the commitments agreed upon with the European Commission on March 23, 2021, as part of the acquisition of GrandVision by EssilorLuxottica. All the parties confirmed that the European Commission approved the transactions.

SightGlass Vision joint venture

On March 17, 2022, EssilorLuxottica and CooperCompanies announced the finalization of their joint venture agreement for SightGlass Vision. This collaboration of two global vision care leaders accelerates the commercialization of novel spectacle lens technologies to expand the myopia management category.

SightGlass Vision's Diffusion Optics Technology™ incorporates thousands of micro-dots into the lens that softly scatter light to reduce contrast on the retina, which is intended to reduce myopia progression in children (the authorization for sale within the United States of spectacles with SightGlass Vision Diffusion Optics Technology™ is under process of approval).

Fedon acquisition

On April 11, 2022, Luxottica Group S.p.A. ("Luxottica"), a company subject to the management and coordination of EssilorLuxottica S.A., announced that it had entered into a preliminary sale and purchase agreement for the acquisition of a total of no. 1,727,141 shares of the company Giorgio Fedon & Figli S.p.A. ("Fedon"), listed on Euronext Growth Milan, the market organized and managed by Borsa Italiana S.p.A., representing 90.9% of the share capital of Fedon.

The agreement was entered into with the relevant shareholders of Fedon (i.e. CL & GP S.r.l., Piergiorgio Fedon, Sylt S.r.l., Italo Fedon, Laura Corte Metto, Francesca Fedon, Roberto Fedon, Flora Fedon and Rossella Fedon), as well as other non-relevant shareholders (hereinafter collectively the "Sellers").

The transaction represents a step forward in EssilorLuxottica's vertical integration strategy, aimed at achieving the highest quality standards along the entire value chain and optimizing the service for the benefit of all industry players. Thanks to cutting-edge technologies and dedicated innovations, the acquisition will allow to better fit the eyewear and spectacles with the cases and packaging to ensure maximum protection and integrity of the product, for the benefit of the final consumer. Furthermore, EssilorLuxottica will also leverage on Fedon to pursue its sustainability strategy, investing in the recyclability and circularity of the packaging materials produced by the company.

The purchase price agreed and to be paid on the closing date to the Sellers, in proportion to the respective shareholdings, is equal to €17.03 for each share and therefore to an aggregate of €29.4 million. The agreed price includes a premium of 135% over the last official price of Fedon's shares recorded on April 8, 2022 (last trading day preceding the date of entry into the agreement) as well as a premium of 114% over the weighted average of the official price of Fedon's shares in the 12 months preceding the date of April 8, 2022.

Completion of the sale and purchase was subject to the fulfilment of certain conditions precedent, as customary in transactions of this kind. On May 31, 2022, the transaction was completed: as of that date, legal conditions arose for Luxottica to have the obligation to launch a mandatory tender offer ("MTO") on all the outstanding ordinary shares of Fedon, at the same price of €17.03 per share. The MTO process was completed during the month of July and Fedon's shares delisted from July 20, 2022.

Completion of statutory buy-out of GrandVision shareholders

On April 14, 2022, EssilorLuxottica and GrandVision announced the completion of the statutory buy-out procedure, initiated on December 22, 2021, aimed at acquiring 100% of the issued share capital of GrandVision. Any remaining minority shareholders of GrandVision were offered the offer price, i.e. €28.42 per share, plus financial interests as per the applicable regulations.

EssilorLuxottica currently holds 100% of GrandVision's issued shares which were already delisted from Euronext Amsterdam on January 10, 2022 (last trading day on January 7, 2022).

Acceleration in Mission activities with the launch of a unified foundation

On May 25, 2022, EssilorLuxottica announced the launch of the OneSight EssilorLuxottica Foundation marking a new chapter in the Group’s journey to achieve its unique Mission to help everyone in the world “see more and be more”. This comes as a major pillar in EssilorLuxottica’s sustainability strategy and supports its commitment to advocate for good vision as a basic human right.

The OneSight EssilorLuxottica Foundation unites many of the Group’s global advocacy and philanthropic actions and will play a leading role in the fight against poor vision. By raising awareness on the importance of good vision and supporting the creation of sustainable vision care through philanthropic grants, the OneSight EssilorLuxottica Foundation will work with like-minded partners to help realize the United Nations’ resolution, “Vision for All”, and help eliminate uncorrected poor vision in a generation.

This new step in the integration of the Mission related activities is a strong sign of EssilorLuxottica’s commitment to improve access to good vision to underserved communities. The Foundation will provide a platform that truly represents and harnesses the power and commitment of EssilorLuxottica, its employees and its partners, to make progress in this space.

The OneSight EssilorLuxottica Foundation unites the following organizations: Vision for Life, Essilor Vision Foundations in North America, India, Southeast Asia and China, Fondazione Salmoiraghi & Viganò in Italy as well as the Company’s long term global partners OneSight and the Vision Impact Institute.

Dividend distribution

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 25, 2022 approved the distribution of a dividend of €2.51 per ordinary share for the year 2021.

The Annual Shareholders' Meeting decided to grant to the shareholders the option to receive their dividend in newly issued shares at a price of €135.60 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, 2021, 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 June 1, 2022, up to, and including, June 15, 2022. At the end of that period, 258,731,714 dividend rights were exercised in favor of the payment of the 2021 dividend in shares. Accordingly, on June 21, 2022, 4,789,194 new EssilorLuxottica's shares were issued, delivered and admitted to trading on Euronext Paris. Those new share confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

The total cash dividend paid to the shareholders who did not opt for the *scrip dividend* amounted to €454 million and was paid on the same date, June 21, 2022.

Russia-Ukraine conflict

EssilorLuxottica’s immediate reaction to Russia-Ukraine conflict was to protect its employees and their families in Ukraine ensuring the payments of salaries and bonuses and providing logistics support and accommodations for those crossing the border.

Moreover, due to the uncertainties and significant disruptions, EssilorLuxottica decided to temporarily restrict its operations in Russia while continuing to provide essential medical vision care services.

The magnitude of the financial impact resulting from the Russia-Ukraine conflict, where the Group's operations represented approximately 1% of the 2021 consolidated revenue, remains not material on the Group consolidated assets and liabilities as well as on the statement of profit or loss for the six-month period ended June 30, 2022.

The Group continue to operate in Ukraine through its retail chains, while in Russia the portfolio of products and services offered both in the retail and wholesale business has been restricted, as announced by the Company in March 2022.

The Company will monitor the evolution of the conflict and its macroeconomics impacts and adapt its response accordingly.

Consolidated revenue

EssilorLuxottica revenue

As a result of the acquisition of GrandVision (herein after referred as the "GV Acquisition" or "GV Combination"), GrandVision's revenue has been consolidated into EssilorLuxottica since July 1, 2021, i.e. for the second half of 2021 only. The comparability of the financial information presented for the first semesters of 2022 and 2021 is therefore affected.

€ millions	1H 2022	1H 2021	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**11,994**	**8,768**	**30.1%**	**36.8%**

€ millions	Q2 2022	Q2 2021	Change at constant exchange rates[1]	Change at current exchange rates
REVENUE	**6,387**	**4,709**	**27.5%**	**35.7%**

EssilorLuxottica comparable[3] revenue

To fully appreciate the performance of the Company resulting from the GV Acquisition, comparable[3] revenue has been prepared for illustrative purposes only and with the aim to provide meaningful comparative information. Comparable[3] revenue includes, for 2021, the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision, as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021.

Revenue by operating segment

EssilorLuxottica is a vertically integrated player whose performance is assessed based on its approach to the market (*distribution channel approach*). On one side is the supply of products and services to all third party professionals of the eyecare industry, and on the other side, the business with a direct relationship with the end consumer.

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	1H 2022	1H 2021	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	5,837	5,144	7.4%	13.5%
Direct to Consumer	6,157	5,310	10.8%	16.0%
COMPARABLE[3] REVENUE	**11,994**	**10,453**	**9.1%**	**14.7%**

€ millions	Q2 2022	Q2 2021	Change at constant exchange rates[1]	Change at current exchange rates
Professional Solutions	3,057	2,705	5.5%	13.0%
Direct to Consumer	3,330	2,903	8.5%	14.7%
COMPARABLE[3] REVENUE	**6,387**	**5,607**	**7.0%**	**13.9%**

Second-quarter revenue by operating segment

Professional Solutions

In the second quarter of the year, the wholesale business registered comparable[3] revenue of €3,057 million, up 5.5% at constant exchange rates[1] compared to the same period of 2021 (+13.0% at current exchange rates).

The growth pace of the division decelerated versus the first quarter, due to the weaker trends (and the tough comparison base) in North America as well as the new COVID-19 drag on the Chinese business, but was overall aligned with the performance of the second quarter of 2021 versus 2019.

North America was up low-single digit at constant exchange rates[1], after expanding high-single digit in 2021 versus 2019, with a healthy growth in luxury brands but more pressure in the low-end segment of the lens market. EMEA kept strong with all the top countries contributing, except for France slowing down, thanks to a good performance of both lenses and frames. Asia-Pacific was slightly positive in the period despite the Mainland China impact, markedly negative until May due to prolonged lockdowns. Latin America was the best performing region in the quarter, growing double digits driven by a strong Brazil.

Direct to Consumer

In the second quarter, the retail business posted comparable[3] revenue of €3,330 million, up 8.5% at constant exchange rates[1] compared to the same period of 2021 (+14.7% at current exchange rates).

The division expanded in all regions at constant exchange rates[1], with the exception of Asia-Pacific. Brick-and-mortar comparable-store sales[5] were 7% positive (with GrandVision and the rest of the EssilorLuxottica banners equally contributing) with sun continuing to outpace optical. The e-commerce business was flat at constant exchange rates[1], while it was up by two thirds in the second quarter of 2021 compared to pre-pandemic levels, with EyeBuyDirect.com, SunglassHut.com, and Vision Direct among the best performing platforms.

North America kept slightly positive at constant exchange rates[1], with brick-and-mortar comparable-store sales[5] weakening to flattish performance, due to the optical banners turning low-single-digit negative, and e-commerce stable versus the second quarter of last year, when the online business almost doubled. EMEA was strong again, with comparable-store sales[5] up double digits boosted by the rebound in the sun business coupled with a solid performance of optical banners. In Asia-Pacific the sun segment nicely accelerated in comparable-store sales[5], more than offsetting the still negative optical due to the China retail performance. Brick-and-mortar comparable[3] revenue in Latin America accelerated in the second quarter with both the sun and the optical retail banners delivering double-digit comparable-store sales[5].

First-half revenue by operating segment

Professional Solutions

In the first half of 2022, Professional Solutions posted comparable[3] revenue of €5,837 million, up 7.4% at constant exchange rates[1] compared with the same period of 2021 (+13.5% at current exchange rates).

All regions had a positive performance, with EMEA up high-single digit at constant exchange rates[1], driving the growth of the segment together with Latin America, the top performer, which solidly grew double digits in the period. North America and Asia Pacific grew mid-single digit both experiencing a deceleration during the latter part of the semester. A toughening comparison base in North America impacted the performance from March onwards, while prolonged lockdowns in Mainland China weighted on the results of the Asia-Pacific region. Sun outperformed optical in the semester, supported by the strong growth of luxury brands. The optical category progressed steadily, thanks to the branded lens portfolio.

Direct to Consumer

In the first half of 2022, Direct to Consumer posted comparable[3] revenue of €6,157 million, up 10.8% at constant exchange rates[1] compared with the same period of 2021 (+16.0% at current exchange rates).

Brick-and-mortar comparable-store sales[5] were up double digits, led by EMEA and Latin America, both up in the high teens, rebounding greatly compared to the same period of last year when the two regions were impacted by severe restrictions especially during the beginning of the semester. Both North America and Asia-Pacific posted slightly positive performances. The optical category progressed steadily, while the sun business experienced a sharp recovery with Sunglass Hut being the best performer among the Company's main banners. E-commerce was up mid-single digit at constant exchange rates[1], driven by SunglassHut.com and EyeBuyDirect.com.

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	**1H 2022**	**1H 2021**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	5,591	4,843	4.9%	15.4%
EMEA	4,401	3,864	14.9%	13.9%
Asia-Pacific	1,351	1,258	2.4%	7.4%
Latin America	650	487	22.6%	33.4%
COMPARABLE[3] REVENUE	**11,994**	**10,453**	**9.1%**	**14.7%**

€ millions	**Q2 2022**	**Q2 2021**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
North America	3,026	2,627	2.4%	15.2%
EMEA	2,347	2,110	12.4%	11.2%
Asia-Pacific	666	620	1.7%	7.5%
Latin America	348	251	23.9%	38.8%
COMPARABLE[3] REVENUE	**6,387**	**5,607**	**7.0%**	**13.9%**

Second-quarter revenue by geographical area

North America

North America posted comparable[3] revenue of €3,026 million, up 2.4% at constant exchange rates[1] versus the second quarter of 2021 (+15.2% at current exchange rates) decelerating on the back of a strong comparison base last year, when the market experienced a sharp rebound in terms of consumer confidence and restored business conditions.

Professional Solutions was up low-single digit at constant exchange rates[1]. The lens business was slightly challenged with higher price competition on the lower-end unbranded portfolio dragging down the performance. EssilorLuxottica's blockbuster lenses delivered better results sustained by the success of the EssilorLuxottica 360 program, which doubled in size compared to last year now comprising more than 4,300 members. The frame business held up thanks to a favorable price-mix driven by luxury brands, while Ray-Ban and Oakley were negatively impacted by a tough comparison base in 2021. Contact lenses experienced a strong rebound in the quarter. Key accounts and department stores outpaced the other channels, while independent ECPs and third-party e-commerce, the growth engines of 2021, crossed into negative territory. The performance of the EssilorLuxottica 360 program continued to be solid proofing the inherent strength of the partnership.

The Direct to Consumer division grew low-single digit at constant exchange rates[1]. LensCrafters posted negative low-single-digit comparable-store sales[5] vis-à-vis a comparison base which was the toughest of the whole of last year (up double digits in the second quarter of 2021 versus 2019). Price-mix continued to be favorable on both lenses and frames but traffic and conversion rates started declining especially towards the end of the quarter. Comparable-store sales[5] at Sunglass Hut were flat despite the unfavorable effect of the rapid acceleration in sales last year. Invigorated traffic and the come-back of locations exposed to international tourism helped the performance. The successful positioning of the banner as a true omni-channel retailer gave it an additional boost with related sales increasing double digits compared to last year. Oakley retail outpaced the other banners posting positive double-digit comparable-store sales[5] growth sustained by robust results on eyewear. Overall e-commerce was flat compared to the second quarter of last year, when the online business sharply accelerated raising to its best quarter of 2021 and almost doubled in size. EyeBuyDirect.com and SunglassHut.com stood out as the best performers among the major websites. Leveraging its natural fit with the online proposition, SunglassHut.com was able to more than triple its sales compared to pre-pandemic levels. EyeMed continued to grow double digits at constant exchange rates[1].

EMEA

EMEA recorded comparable[3] revenue of €2,347 million, up 12.4% at constant exchange rates[1] versus the second quarter of 2021 (+11.2% at current exchange rates), continuing with the strong growth pace in both Professional Solutions and Direct to Consumer.

The Professional Solutions segment progressed nicely, posting mid-single-digit comparable[3] sales growth versus the second quarter of last year. Almost all countries contributed to the results with the UK, Eastern Europe, Spain and Turkey as the best performing areas, whilst trends in the French market softened during the period. Growth in lenses was supported by Transitions and Eyezen, as well as the roll-out of myopia management solutions. Sunglasses continued to bounce back, with luxury brands driving, helped by revived tourism and favorable weather conditions.

Brick-and-mortar comparable-store sales[5] grew in the mid-teens with the sun business, freed from COVID-19 restrictions, as the driving force. Sunglass Hut was up by more than 80% compared to last year, when around one fourth of the stores were still impacted by closures and a lack of tourism. The banner exceeded pre-pandemic levels in all countries and showed a progressive recovery even in airport locations. The optical segment continued to expand, with comparable-store sales[5] increasing mid-single digit. Salmoiraghi & Viganò and GrandOptical led the performance progressing at an equally strong pace up by almost one fourth, followed by Générale d'Optique close to double digits. The performance slowed down slightly towards the end of the quarter, when the lifting of the restrictions last year had triggered a progressive recovery. The e-commerce channel positively contributed to the quarterly results in the region, with contact lenses as the best performing category.

Asia-Pacific

Asia-Pacific recorded comparable[3] revenue of €666 million, up 1.7% at constant exchange rates[1] versus the second quarter of 2021 (+7.5% at current exchange rates), heavily impacted by the COVID-19 related lockdowns in Mainland China, selective but prolonged, which effects were, however, offset by the sound performance of the other countries.

The Professional Solutions business was low-single-digit positive in the quarter. Mainland China posted strongly negative sales until May, due to the high number of COVID-19 outbreaks and stringent lockdowns. Results in the country turned positive in June supported by the sound recovery in the optical category. Myopia management solutions led the rebound, with Stellest materially expanding from May. The other key markets of the region nicely progressed with Japan and India driven by the optical category and Southern Asia benefiting from progressively lower restrictions.

Brick-and-mortar comparable-store sales[5] turned mid-single-digit positive in the quarter. The optical business declined in the mid-single-digit territory, affected by COVID-19 related restrictions in Mainland China. The performance in the country remained negative throughout the entire quarter, with however some improvements from the reopening phase started in June. In Australia, OPSM progressively recovered, ending with flat comparable-store sales[5]. The banner benefited from favorable price-mix, thanks to the higher exposure to branded lenses as well as the strong trends in luxury for frames. Sunglass Hut and Oakley grew double digits in the region. In Australia, the performance at Oakley benefited from a recovery in AFA together with the uptick in remodeled locations and Sunglass Hut was mainly supported by the growth of luxury brands. The latter gained momentum in other countries as well with South-East Asia sustained by the progressive reopening and improving tourism flows.

Latin America

Latin America was the best performing region posting comparable[3] revenue of €348 million, up 23.9% at constant exchange rates[1] versus the second quarter of 2021 (+38.8% at current exchange rates) with Professional Solutions and Direct to Consumer progressing at an equally strong pace compared to last year, which was still characterized by COVID-19 related restrictions, especially in the first two months of the quarter.

In the Professional Solutions division, Brazil expanded in the high teens at constant exchange rates[1], delivering strong results across all product lines. On the lens side, Transitions and Kodak were the top performers, while on frames the growth was driven by luxury and Oakley. Mexico posted solid results, while Argentina and Colombia outpaced the other countries growing triple and double digits, respectively, at constant exchange rates[1].

Comparable revenue[3] of the brick-and-mortar stores accelerated from the first quarter increasing by almost one fourth at constant exchange rates[1]. In Brazil, Sunglass Hut was the best performer with traffic and price-mix up compared to last year. The solid growth in Mexico was supported by the successful start of store openings in Palacio de Hierro. Comparable-store sales[5] of Sunglass Hut in the entire region were up by more than one third. On the optical side, GMO and the GrandVision banners performed equally well with comparable-store sales[5] up in the low teens.

First-half revenue by geographical area

North America

North America posted comparable[3] revenue of €5,591 million, up 4.9% at constant exchange rates[1] versus the first half of 2021 (+15.4% at current exchange rates).

Both segments were pacing at an equal rate. Sun frames outperformed the optical category driven by the luxury brands. Key accounts drove the performance, while independent ECPs decelerated. In the Direct to Consumer segment, both brick-and-mortar stores and e-commerce posted positive growth, with Sunglass Hut as the best performing banner in the semester.

EMEA

EMEA posted comparable[3] revenue of €4,401 million, up 14.9% at constant exchange rates[1] versus the first half of 2021 (up 13.9% at current exchange rates).

With the lifting of restrictions, the region continued its progressive recovery with all the countries posting positive performances. Professional Solutions grew healthily, thanks to bouncing back sunglasses, and branded lenses on the optical side. The Direct to Consumer segment drove the growth of the region, with Sunglass Hut being the best performer, followed by Salmoiraghi & Viganò and the GrandVision banners.

Asia-Pacific

Asia Pacific posted comparable[3] revenue of €1,351 million, up 2.4% at constant exchange rates[1] versus the first half of 2021 (up 7.4% at current exchange rates).

The region was affected by a mixed performance among the different countries. Mainland China was negatively impacted by new waves of the pandemic but started to recover in June with Professional Solutions turning positive supported by the optical category with Stellest leading the way. The other key markets in the region all posted solid results. On the Direct to Consumer side Australia accelerated in the second quarter compared to the first one on the back of an improved performance in both optical and sun.

Latin America

Latin America posted comparable[3] revenue of €650 million, up 22.6% at constant exchange rates[1] versus the first half of 2021 (up 33.4% at current exchange rates).

With no COVID-19 restrictions this year, the performance in the region bounced back significantly with all countries growing double digits and both Professional Solutions and Direct to Consumer contributing equally. Brazil posted strong results supported by the rebound in the wholesale segment and Sunglass Hut as the top performer on the retail side. Healthy growth was also registered by the optical banners in the region including GrandVision.

Statement of profit or loss and Alternative Performance Measures

EssilorLuxottica condensed consolidated statement of profit or loss

€ millions	1H 2022	1H 2021	Change
Revenue	11,994	8,768	36.8%
Cost of sales	(4,278)	(3,423)	25.0%
GROSS PROFIT	**7,716**	**5,345**	**44.4%**
% of revenue	*64.3%*	*61.0%*	
Total operating expenses	**(6,006)**	**(4,074)**	**47.4%**
OPERATING PROFIT	**1,711**	**1,271**	**34.6%**
% of revenue	*14.3%*	*14.5%*	
PROFIT BEFORE TAXES	**1,661**	**1,214**	**36.8%**
% of revenue	*13.9%*	*13.9%*	
Income taxes	(424)	(302)	40.4%
Effective tax rate	*25.5%*	*24.9%*	
NET PROFIT	**1,237**	**912**	**35.6%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,174**	**854**	**37.5%**

The table above shows the performance of EssilorLuxottica activities in the first semesters of 2022 and 2021. However, since the combination between EssilorLuxottica and GrandVision occurred on July 1, 2021, the Company's performance of the first semester 2021 does not include GrandVision's results nor any of the effects resulting from the combination accounting. The comparability of the financial information presented is therefore affected.

- *Revenue* increased by 36.8% compared to the first semester of 2021, however the comparison with the first semester of 2021 is not entirely relevant since the Company started consolidating GrandVision's revenue only from July 1, 2021; accordingly the Group's net sales performance has been commented on a comparable[3] basis in the paragraph *Consolidated revenue* above.
- *Cost of sales* increased as a direct consequence of the consolidation of GrandVision, showing a +25% variation over the first semester 2021.
- *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 EL Combination (approximately €366 million in the first semester 2022 versus approximately €350 million recorded in the same period of last year). GrandVision contributed to the Group operating expenses for approximately €1.4 billion, including €112 million related to the amortization of new intangible assets recognized as part of the GV Combination. Furthermore, the performance for the first semester 2021 included a significant income of approximately €62 million recognized following the recovery of the misappropriated funds from the EMTC fraud case, which was not the case during the first semester 2022.
- *Net profit* significantly increased to €1,237 million from €912 million reported in the first semester of 2021, as a consequence of the growth achieved by the Group in the period as well as of the contribution of GrandVision business.

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" or "GV Combination") as well as events that are unusual, infrequent or unrelated to normal operations, have a significant impact on the consolidated results. Accordingly, in order to provide additional comparative information on the results for the period under review compared to previous periods, to reflect EssilorLuxottica actual economic performance and enable it to be monitored and benchmarked against competitors, some measures have been adjusted ("adjusted measures"). In particular, management adjusted the following measures: *Cost of sales*, *Gross profit, Operating expenses, Operating profit, Profit before taxes* and *Net profit.* Such adjusted measures are reconciled to their most comparable measures reported in the condensed consolidated interim statements of profit or loss for the six-month periods ended June 30, 2022.

In continuity with previous periods, in the first semester of 2022 adjusted measures exclude: (i) the incremental impacts of the purchase price allocations related to the EL Combination and the GV Acquisition ("*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	**1H 2022**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**1H 2022 Adjusted[2]**
Revenue	11,994	—	—	11,994
Cost of sales	(4,278)	4	9	(4,265)
GROSS PROFIT	**7,716**	**4**	**9**	**7,729**
% of revenue	*64.3%*			*64.4%*
Total operating expenses	**(6,006)**	**431**	**47**	**(5,528)**
OPERATING PROFIT	**1,711**	**435**	**56**	**2,202**
% of revenue	*14.3%*			*18.4%*
Cost of net debt and other*	(49)	(0)	(3)	(52)
PROFIT BEFORE TAXES	**1,661**	**434**	**54**	**2,150**
% of revenue	*13.9%*			*17.9%*
Income taxes	(424)	(87)	(16)	(527)
NET PROFIT	**1,237**	**348**	**38**	**1,623**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,174**	**339**	**35**	**1,548**

* Including *Share of profit of associates.*

The Other non-GAAP adjustments are described below.

- Non-recurring *Cost of sales* for €9 million almost entirely related to restructuring and reorganization projects aiming at rationalizing the lenses laboratories footprint and the distribution network to increase the Group's operational and organizational efficiency; the non-recurring costs mainly refer to severance, accelerated depreciation and write-off.
- Non-recurring *Selling* expenses for €15 million associated with restructuring projects in EMEA and US.
- Non-recurring *Advertising and marketing* expenses for €9 million, mainly associated with impairment losses on intangible assets.
- Non-recurring *General and administrative expenses* for €37 million, mainly associated with the following impacts:
  - non-recurring expenses related to M&A projects for €10 million, incurred in connection with the significant business combinations completed in the semester; and
  - restructuring and reorganization projects, both in EMEA and US, for approximately €16 million; the non-recurring costs mainly refer to severance, including those related to key management personnel.
- *Other income/(expenses)* are adjusted for a positive effect of €13 million mainly associated with the gain of approximately €7 million resulting from the sale of the European businesses the Group disposed in the period in accordance with the remedies agreed with the European Commission in the context of the acquisition of GrandVision.
- *Income taxes* are adjusted for an amount of €(16) million corresponding to the tax effects of the above-mentioned adjustments.

Adjusted[2] consolidated statement of profit or loss

Due to the structure of 2021 consolidated interim statement of profit or loss, which does not include GrandVision's results nor any of the effects resulting from the combination accounting, management deemed relevant to comment the Group's performance of the first semester 2022 *versus* the *pro forma*[4] information of the first semester 2021. That *pro forma*[4] information has been prepared for illustrative purposes only and with the aim to provide meaningful comparative information.

€ millions	**1H 2022 Adjusted [2]**	**1H 2021 Adjusted [2] *Pro forma* [4]**	**Change at constant exchange rates[1]**	**Change at current exchange rates**
Revenue	11,994	10,453	9.1%	14.7%
Cost of sales	(4,265)	(3,752)	7.9%	13.7%
GROSS PROFIT	**7,729**	**6,701**	**9.8%**	**15.3%**
% of revenue	*64.4%*	*64.1%*		
Research and development	(158)	(162)	-5.3%	-2.1%
Selling	(3,461)	(2,916)	13.5%	18.7%
Royalties	(109)	(87)	20.6%	25.4%
Advertising and marketing	(812)	(750)	2.9%	8.3%
General and administrative	(985)	(967)	-2.6%	1.9%
Other income/(expenses)	(3)	(6)	-59.3%	-53.3%
Total operating expenses	**(5,528)**	**(4,887)**	**8.1%**	**13.1%**
OPERATING PROFIT	**2,202**	**1,814**	**14.3%**	**21.4%**
% of revenue	*18.4%*	*17.4%*		
Cost of net debt and other *	(52)	(75)	-37.1%	-30.8%
PROFIT BEFORE TAXES	**2,150**	**1,739**	**16.6%**	**23.6%**
% of revenue	*17.9%*	*16.6%*		
Income taxes	(527)	(429)	15.8%	22.8%
Effective tax rate	*24.5%*	*24.7%*		
NET PROFIT	**1,623**	**1,310**	**16.8%**	**23.9%**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,548**	**1,230**	**18.6%**	**25.8%**

* Including *Share of profit of associates.*

Revenue for the semester totaled €11,994 million, an increase of 9.1% at constant exchange rates[1] (+14,7% at current exchange rates).

Adjusted[2] *Gross profit:* +9.8% at constant exchange rates[1] (+15.3% at current exchange rates)

Adjusted[2] Gross profit in the first semester of 2022 ended at €7,729 million, representing 64.4% of revenue versus 64.1% in 2021. Leveraging on a favorable price-mix effect and efficiencies in the industrial operations, the Group has been able to improve its gross profit notwithstanding the cost pressure driven by the inflationary trends during the period.

Adjusted[2] *Operating expenses:* +8.1% at constant exchange rates[1] (+13.1% at current exchange rates)

Adjusted[2] *Operating expenses* amounted to €5,528 million for the first semester of 2022, translating to 46.1% of revenue (46.8% in the first semester of 2021). The Group benefited from a tight control of the discretionary expenses that partially offset the increase in selling and marketing investments.

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

- *Selling* expenses amounting to €3,461 million, an increase of 13.5% at constant exchange rates[1] compared to the first semester of 2021 that reflected the revenue growth of the semester as well as the increased investments to strengthen the sale force organization and the inclusion in 2021 of significant rent concessions and subsidies related to COVID-19.
- *Advertising and marketing* expenses amounting to €812 million, increased of approximately 3% on a constant exchange rates[1] basis due to specific investments in the Group's house brands as well as to the contractually agreed advertising activities to support the Group's licensed brands which over performed compared to the first semester of 2021.
- *General and administrative* expenses amounting to €985 million, a decrease of 2.6% at constant exchange rates[1] compared to the same period of 2021, thanks to savings on discretionary spending and simplification of the organization structure partially offset by increased investments in the Group IT infrastructure.

Adjusted[2] *Operating profit:* +14.3% at constant exchange rates[1] (+21.4% at current exchange rates)

The Group posted an adjusted[2] *Operating profit* of €2,202, representing 18.4% of revenue compared to 17.4% in the same period of 2021 (18.2% at constant exchange rates[1], an improvement of approximately 80 basis points compared to the first semester of 2021).

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

The adjusted[2] *Cost of net debt* decreased to €66 million in the first semester of 2022 due to a more efficient financing structure. *Share of profits of associates* showed a profit of €6 million.

Adjusted[2] *Income taxes*

EssilorLuxottica reported adjusted[2] *Income taxes* of €527 million, reflecting an adjusted[2] tax rate of 24.5% for the first semester of 2022 broadly in line with the adjusted[2] tax rate in the same period of 2021 (24.7%).

Adjusted[2] *Net profit attributable to owners of the parent:* significantly increased by +18.6% at constant exchange rates[1] (+25.8% 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, 2022**	**Restated [(a)] December 31, 2021**
Goodwill	31,468	29,104
Intangible assets	12,425	12,599
Property, plant and equipment	4,588	4,211
Right-of-use assets	3,022	2,930
Investments in associates	90	91
Other non-current assets	746	718
Fixed Assets	**52,338**	**49,653**
Trade working capital	**3,270**	**2,582**
Employees benefits and provisions	**1,013**	**(1,152)**
Tax receivables/(payables)	(716)	(509)
Deferred tax assets/(liabilities)	(2,090)	(2,049)
Tax assets/(liabilities)	**(2,806)**	**(2,558)**
Other operating assets/(liabilities)	**(2,767)**	**(3,020)**
Assets / (liabilities) held for sale	**—**	**69**
NET INVESTED CAPITAL	**49,022**	**45,573**
EQUITY	**38,606**	**35,875**
NET DEBT	**10,415**	**9,698**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Fixed assets amount to €52,338 million and increased by €2,685 million compared to December 31, 2021. The main categories contributing to this increase are mentioned below.

i. *Goodwill*: goodwill increased by €2,363 million, of which €753 million arising from the business combinations completed in the period (accounted for on a provisional basis as permitted by IFRS), described in the paragraph *Significant events of the period*, and approximately €1,610 million due to foreign currency fluctuations.

ii. *Property, plant and equipment* and *Right-of-use assets*: the overall increase of the period amounts to €468 million, mainly coming from foreign currency fluctuations. The additions of the period (capital expenditure, for approximately €500 million, as well as the recognition of new *Right-of use assets* in connection with lease contracts signed in the first semester of 2022, for €356 million) were counterbalanced by the depreciation and impairment of the period amounting to €795 million.

Trade working capital (i.e. the sum of inventories, trade receivables and trade payables) increased by €688 million compared to December 31, 2021, following, on one side, the growth trend experienced in the Professional Solutions segment and, on the other, the effects of foreign currency fluctuations.

Assets / (liabilities) held for sale, amounting to €69 million as of December 31, 2021, were derecognized as a result of the divestment of the European businesses disposed in the period according to the remedies agreed with the European Commission in the context of the acquisition of GrandVision.

Equity increased mainly as a result of foreign currency fluctuations (approximately €2,206 million) and for the net result of the period (€1,237 million); its balance was also affected by the dividend distribution of the period that led to a decrease of €516 million, of which €454 million paid to EssilorLuxottica's shareholders who did not opt for the scrip dividend (see paragraph *Significant events of the year*) and €62 million distributed to minorities shareholders of the Group's subsidiaries. Share-based payments also affected the final balance (€70 million increase) as well as the net sale/(net purchase) of treasury shares (€338 million decrease).

Net debt increased by €717 million compared to December 31, 2021 as illustrated in the dedicated paragraph.

Other non-GAAP measures

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

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

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

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

€ millions	**1H 2022**	**1H 2021**
Net cash flow provided by operating activities (a)	2,144	1,905
Purchase of property, plant and equipment and intangible assets (a)	(768)	(418)
Cash payments for the principal portion of lease liabilities (a)	(469)	(276)
FREE CASH FLOW	**906**	**1,211**
Operating profit (b)	1,711	1,271
Depreciation, amortization and impairment (a)	1,433	1,011
EBITDA	**3,144**	**2,282**
NET DEBT (c)	**10,415**	**1,945**
NET DEBT/EBITDA LTM (d)	**1.8**	**0.5**

(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 16 – *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 €5,649 million for the twelve-month period ended on June 30, 2022 and €4,135 million for the twelve-month period ended on June 30, 2021.

Net debt

Group *Net debt (excluding Lease liabilities)* amounted to €10,415 million at the end of June 2022, increasing by €717 million compared to the position at the end of December 2021.

€ millions	June 30, 2022	December 31, 2021
Non-current borrowings	7,925	8,913
Current borrowings	3,077	1,036
TOTAL LIABILITIES	**11,001**	**9,950**
Short-term investments	(13)	—
Cash and cash equivalents	(3,745)	(3,293)
TOTAL ASSET	**(3,758)**	**(3,293)**
Interest Rate Swap measured at fair value	(4)	(21)
Foreign exchange derivatives at fair value	(10)	(4)
NET DEBT EXCLUDING LEASE LIABILITIES	**7,230**	**6,630**
Lease liabilities (current and non-current)	3,185	3,068
NET DEBT	**10,415**	**9,698**

Non-current borrowings decreased compared to December 31, 2021 due to the reclassification to current borrowings of the €1 billion Eurobond due in May 2023. Current borrowings also recorded an additional increase due to the issuance of Commercial Paper, mainly under the USCP program.

Reclassified consolidated statement of cash flows

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

As consequence of the combination between EssilorLuxottica and GrandVision (occurred on July 1, 2021), the Company's performance shown for H1 2021 does not include GrandVision's results.

€ millions	H1 2022	H1 2021
EBITDA	**3,144**	**2,282**
Changes in trade working capital [(a)]	(355)	(299)
Capital expenditure	(768)	(418)
Lease payments (excluding interests) [(b)]	(469)	(276)
Other cash flow from operations	(646)	(78)
FREE CASH FLOW	**906**	**1,211**
Dividends paid	(519)	(191)
Acquisitions net of cash acquired	(800)	(38)
Other changes in equity	(340)	(24)
Other changes in financial and non-financial assets	16	113
Changes in borrowings (excluding FX)	997	(394)
NET CASH FLOW	**260**	**677**

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

Capital expenditure cash-out amounted to €768 million, representing approx. 6% of the Group's revenue.

The line *Acquisition net of cash acquired* represents the net cash-out related to business combinations completed during the period, and, to a less extent, price supplements and/or deferred payments on acquisitions completed in prior years. In the first semester of 2022, the amount was mainly related to the acquisitions described in the paragraph *Significant events of the year*.

The line *Other changes in equity* includes, among the others, the effects of transactions with non-controlling interest (€5 million in the first semester of 2022, €28 million in the first semester of 2021) as well as the cash-out related to the share buyback program (€338 million in the first semester 2022, nil in 2021) compensated by the cash-in related to share capital increases.

The flows reported in *Other changes in financial and non-financial assets* for the first semester of 2022 include the proceed from the sale of the European businesses the Group divested in accordance with the remedies agreed with the European Commission in the context of the GV Acquisition, almost entirely counterbalanced by the cash-out related to some financial investments in non-consolidated companies. In the first semester of 2021 those flows mainly referred to the €75 million investment in Mazzucchelli 1842 SpA (associate) counterbalanced by the re-investment of a short-term cash deposit in cash equivalent instruments (€200 million).

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

Acquisitions and partnerships

During the first half of 2022, EssilorLuxottica continued to purse its M&A strategy in selected businesses and geographies.

On May 31, 2022, Luxottica announced the completion of the purchase of a 90.9% shareholding in the share capital of Giorgio Fedon & Figli S.p.A. and, as a result, a mandatory tender offer ("MTO") on the outstanding listed shares was launched. The transaction represents a step forward in EssilorLuxottica's vertical integration strategy and will allow to better fit the eyewear and spectacles with the cases and packaging (see details in the paragraph *Significant events of the period*).

On March 1, 2022, EssilorLuxottica announced the closing of its acquisition of U.S. based lab network Walman Optical, and, on March 17, 2022, the finalization of the joint venture agreement with CooperCompanies for the acquisition of SightGlass Vision. As for the GrandVision transaction, on April 14, 2022, EssilorLuxottica announced the completion of the statutory buy-out procedure aimed at acquiring 100% of the issued share capital of GrandVision.

Mission and sustainability

Mission

In the second quarter of the year, the Company took a decisive step in the pursuit of its Mission of helping people “see more and be more”, with the creation of the OneSight EssilorLuxottica Foundation in May 2022. The largest foundation in the world driving inclusive vision care access, it unites all of the Group’s global advocacy and philanthropic actions, providing a platform that truly represents and harnesses the power and commitment of EssilorLuxottica, its employees and partners. The OneSight EssilorLuxottica Foundation aims to radically scale up and accelerate global actions, which include: creating sustainable access points, innovating for affordable solutions, funding subsidized and free services, advocacy and awareness, driving engagement and creating partnerships. The Foundation will be working closely with the EssilorLuxottica Sustainable Programming and commercial teams to help countries around the world realize the United Nations’ resolution, “Vision for All”, and eliminate uncorrected poor vision in a generation.

Through the Company’s collective actions to eliminate uncorrected poor vision, 6 new vision centers have been opened and over 1,500 new vision care entrepreneurs have been trained since the beginning of the year, enabling over 30 million people to gain access to vision care and creating nearly 5 million new wearers. Furthermore, 100% of the population in Rwanda now has access to vision care via the Foundation’s vision centers.

Since 2013, the Company has created access for more than 500 million people in underserved communities, trained more than 20,500 primary vision care entrepreneurs and created approximately 51 million wearers for the industry.

Globally recognized for making a positive impact to the communities around us, EssilorLuxottica won some important recognitions in the first half of the year, notably in China where the company was awarded the *2021 Responsible Brand*, *2021 Excellent CSR Project*, *2022 Chief Responsibility Officer* and *2022 Outstanding Community Service of Public Health* awards.

Sustainability

The end of the first semester of 2022 marked the first anniversary of EssilorLuxottica’s sustainability program “Eyes on the Planet”. Ever since its launch, the Company and its subsidiaries have been consistently executing projects and initiatives under each “Eyes on” strategic pillar of the program - Carbon, Circularity, World Sight, Inclusion and Ethics - aiming to further embed sustainability into the business model. By addressing key sustainability themes along the Company value chain, the pillars confirm how Mission, sustainability and business strategy are strongly intertwined at EssilorLuxottica.

Five pillars and commitments addressing strategic sustainability themes

Pillars	Sustainability theme	Commitment
EYES ON CARBON	Climate change	Achieving carbon neutrality for our direct operations by 2025, starting with Europe by 2023
EYES ON CIRCULARITY	Sustainable product and offering	Shifting from fossil-based materials to bio-based materials and embed eco-design in all our product developments by 2025
EYES ON WORLD SIGHT	Good vision & corporate citizenship	Leveraging our sight expertise and breakthrough innovation to eliminate poor vision by 2050 and onboard local communities
EYES ON INCLUSION	People well-being	Building an inclusive work culture and safe environment where everyone can thrive, feel valued and constantly learn
EYES ON ETHICS	Fair and ethical practices within our value chain	Ensuring a fair and ethical foundation of all business relations and collaborations to create shared value with our stakeholders

In executing the Eyes on the Planet program, EssilorLuxottica completed its first carbon footprint assessment globally in H1 2022, bringing a complete understanding of the Company's direct and indirect impacts at each stage of the value chain, including a clear overview of Scope 3 emissions. The outcome fully reflects EssilorLuxottica's vertically integrated business model, handling every aspect of its eyecare and eyewear businesses: purchased goods and services, electricity consumption and product transportation are the major sources of greenhouse gas emissions. These are also priority areas for decarbonization initiatives and for advancing the Company's climate journey. Already in the first half, progress has been made in making green the new normal in logistics, from increasing the recycled content in packaging to introducing the green shipping as default option in its e-commerce business.

Developing a best practice approach to carbon is a key part of the Eyes on the Planet program and builds on the initiatives introduced ever since its launch. The Group already achieved a key milestone at the end of 2021: it reached carbon neutrality in its direct operations in France and Italy, its two historic home countries, as part of its 2025 carbon neutrality roadmap (Scope 1 and 2) for direct operations. This achievement is due to a far-sighted strategy of improving energy efficiency across facilities, increasing the self-production or use of renewable energy, supporting carbon reduction projects beyond its value chain, such as the protection and restoration of natural ecosystems, and developing low carbon innovations.

While progressing towards its 2025 carbon neutrality target for its direct operations (Scope 1 and 2), the Company also wants to widen its efforts and prepare a more comprehensive and long-term climate roadmap to help reach the global ambition of ensuring a healthy future for our planet.

Sustainability and innovation go together at EssilorLuxottica, with the product naturally at the center of its circular economy approach so to minimize the impact on the environment while enhancing the product excellence and quality. This is well exemplified by the results of the Life-Cycle Assessment on the bio-acetate manufactured by the partner Mazzucchelli, which proved better environmental performance compared to standard acetate. Also, in January 2021 EssilorLuxottica has been the first eyewear company to receive the ISCC Plus (International Sustainability & Carbon Certification) certification for the Circular Economy for the in-house nylon recycling process set up in the Agordo (Italy) plant. The application of this standard ensures the traceability of the material through all the production phases: from waste collection to the injection molding process and that the recycled granule maintains the same high standards of quality and performance as the original. In the first half of this year, the Company was able to recycle around 15 tons of nylon only in that plant. In addition, during the last 18 months, the Company has extended its adoption of recycling schemes for nylon and acetate in six plants, in Italy and in China. This is another recognition of its commitment to reduce its environmental footprint and put an end to waste following the 4Rs approach: "Research-Reduce-Reuse-Recycle".

EssilorLuxottica sustainability progress has once again received external recognition, with the Vigeo Eiris and Sustainalytics ratings as confirmation that the Company is on the right path with its strategy. The Company has also furthered its commitment to environmental transparency by completing the CDP's climate change questionnaire for the first time.

By executing and advancing its Eyes on the Planet program EssilorLuxottica will continue to contribute to its Mission and involve the entire organization to address environmental protection, employees' well-being and the economic and social progress of the local communities which it serves.

Subsequent events

Agreement for the first joint Smart Eyewear Lab with Politecnico di Milano

On July 19, 2022, EssilorLuxottica and Politecnico di Milano announced the creation of the first ever joint research center aimed at designing the smart glasses of the future, EssilorLuxottica Smart Eyewear Lab.

The project involves an investment worth over €50 million, and will encompass industrial research and experimental development of devices underlying a new generation of wearables which are capable of autonomous network connection. It is a pioneering and tangible project that will enable the development of technologies and services by means of a widely used interface such as eyewear.

The EssilorLuxottica Smart Eyewear Lab will initially last five years and will employ when fully operational over 100 among researchers and scientists working closely together in a dedicated space within the Innovation District, which the Politecnico di Milano is currently developing in the Parco dei Gasometri, located in the Bovisa area in Milan.

EssilorLuxottica and the Politecnico di Milano also aim to jointly create an ad hoc curriculum fostering the development of increasingly specific skills in the wearable and smart eyewear field and virtuously feeding the new Lab's research activities.

Outlook

The Company confirms its target of mid-single-digit annual revenue growth from 2022 to 2026 (at constant exchange rates[1]) and expects to achieve an adjusted[2] operating profit as a percentage of revenue in the range of 19-20% at the end of the 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” or "GV Combination") 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.

3 Comparable (revenue): comparable revenue includes, for 2021, the contribution of GrandVision’s revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the “GV Acquisition” or "GV Combination"), as well as the disposals of businesses required by antitrust authorities in the context of the GV Acquisition, had occurred on January 1, 2021. Comparable revenue has been prepared for illustrative purpose only with the aim to provide meaningful comparable information. No adjustments are made to 2022 revenue.

4 *Pro forma*: *pro forma* information as presented in the Unaudited *Pro Forma* Consolidated Interim Financial Information. The Unaudited *Pro Forma* Consolidated Interim Financial Information has been prepared for illustrative purpose only as if the acquisition of GrandVision had occurred on January 1, 2021. That information does not take into account the results of operations and financial condition that EssilorLuxottica would have achieved if the acquisition of GrandVision had actually been realized on January 1, 2021; there can be no assurance that the assumptions used to prepare the Unaudited *Pro Forma* Consolidated Interim Financial Information are accurate in all respects or that the result disclosed in the Unaudited *Pro Forma* Consolidated Interim Financial Information are indicative of the future performance of EssilorLuxottica. As a result, EssilorLuxottica's performance in the future may differ materially from that presented in the Unaudited *Pro Forma* Consolidated Interim Financial Information. For a reconciliation between adjusted *pro forma* measures and their most comparable measures reported in the IFRS condensed consolidated interim financial statements, please refer to the reconciliation table provided in Appendix 3.

5 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.

6 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.

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

Appendix 1 - Excerpts from the Condensed Consolidated Interim Financial Statements

Consolidated statement of profit or loss

€ millions	First semester 2022	First semester 2021
Revenue	11,994	8,768
Cost of sales	(4,278)	(3,423)
GROSS PROFIT	**7,716**	**5,345**
Research and development	(286)	(290)
Selling	(3,731)	(2,210)
Royalties	(109)	(87)
Advertising and marketing	(867)	(677)
General and administrative	(1,022)	(859)
Other income/(expenses)	10	48
Total operating expenses	**(6,006)**	**(4,074)**
OPERATING PROFIT	**1,711**	**1,271**
Cost of net debt	(65)	(58)
Other financial income/(expenses)	10	(0)
Share of profits of associates	6	2
PROFIT BEFORE TAXES	**1,661**	**1,214**
Income taxes	(424)	(302)
NET PROFIT	**1,237**	**912**
of which attributable to:		
• owners of the parent	1,174	854
• non-controlling interests	64	59
Weighted average number of shares outstanding:		
• basic	440,101,686	437,427,874
• diluted	444,107,551	443,087,053
Earnings per share (EPS) for net profit attributable to owners of the parent (*in euro*):		
• basic	2.67	1.95
• diluted	2.64	1.93

Consolidated statement of financial position

Assets

€ millions	June 30, 2022	Restated [(a)] December 31, 2021
Goodwill	31,468	29,104
Intangible assets	12,425	12,599
Property, plant and equipment	4,588	4,211
Right-of-use assets	3,022	2,930
Investments in associates	90	91
Other non-current assets	746	718
Deferred tax assets	413	487
TOTAL NON-CURRENT ASSETS	**52,752**	**50,140**
Inventories	2,872	2,445
Trade receivables	2,818	2,355
Tax receivables	271	296
Other current assets	932	804
Cash and cash equivalents	3,745	3,293
TOTAL CURRENT ASSETS	**10,638**	**9,193**
Assets held for sale	—	82
TOTAL ASSETS	**63,390**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Consolidated statement of financial position

Equity and liabilities

€ millions	June 30, 2022	Restated [(a)] December 31, 2021
Share capital	81	80
Share premium reserve	23,031	22,381
Treasury shares reserve	(567)	(231)
Other reserves	14,100	11,387
Net profit attributable to owners of the parent	1,174	1,448
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**37,819**	**35,064**
Equity attributable to non-controlling interests	788	811
TOTAL EQUITY	**38,606**	**35,875**
Non-current borrowings	7,925	8,913
Non-current lease liabilities	2,324	2,230
Employee benefits	409	537
Non-current provisions	284	243
Other non-current liabilities	101	143
Deferred tax liabilities	2,503	2,536
TOTAL NON-CURRENT LIABILITIES	**13,547**	**14,602**
Current borrowings	3,077	1,036
Current lease liabilities	861	837
Trade payables	2,420	2,218
Tax payables	987	805
Current provisions	320	373
Other current liabilities	3,572	3,655
TOTAL CURRENT LIABILITIES	**11,236**	**8,925**
Liabilities held for sale	—	13
TOTAL EQUITY AND LIABILITIES	**63,390**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation ("PPA") related to the acquisition of GrandVision, which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Consolidated statement of cash flows

€ millions	First semester 2022	First semester 2021
NET PROFIT	**1,237**	**912**
Depreciation, amortization and impairment	1,433	1,011
(Gains)/losses from disposal of assets	1	6
Expense arising from share-based payments	71	57
Income taxes	424	302
Finance result, net	55	58
Other non-cash items	(17)	(6)
Changes in provisions	(29)	36
Changes in trade working capital	(355)	(299)
Changes in other operating receivables and payables	(336)	191
Taxes paid, net	(250)	(283)
Interest paid, net	(90)	(79)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES	**2,144**	**1,905**
Purchase of property, plant and equipment and intangible assets	(768)	(418)
Disposal of property, plant and equipment and intangible assets	9	5
Acquisitions of businesses, net of cash acquired	(800)	(38)
Changes in other non-financial assets	69	(75)
Changes in other financial assets	(63)	183
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES	**(1,553)**	**(343)**
Share capital increase	3	4
(Purchase)/sale of treasury shares	(338)	—
Dividends paid:	(519)	(191)
• to the owners of the parent	(454)	(138)
• to non-controlling interests	(64)	(53)
Transactions with non-controlling interests	(5)	(28)
Cash payments for principal portion of lease liabilities	(469)	(276)
Issuance of bonds, private placements and other long-term debts	—	—
Repayment of bonds, private placements and other long-term debts	(453)	(503)
Changes in other current and non-current borrowings	1,451	109
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES	**(330)**	**(886)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**260**	**677**
Cash and cash equivalents at the beginning of the financial year	3,293	8,683
Effects of exchange rate changes on cash and cash equivalents	192	64
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3,745**	**9,424**

Appendix 2 - Comparable revenue 2021

Comparable[3] revenue includes the contribution of GrandVision's revenue to EssilorLuxottica as if the combination between EssilorLuxottica and GrandVision (the "GV Acquisition" or "GV Combination"), 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. Comparable[3] revenue has been prepared for illustrative purpose. All the changes reported below are *versus* 2019.

By operating segment

€ millions	Professional Solutions	Change at constant[1] FX	Change at current FX	Direct to Consumer	Change at constant[1] FX	Change at current FX	2021	Change at constant[1] FX	Change at current FX
Comparable revenue 1Q	2,439	0.3 %	(5.2)%	2,407	1.3 %	(3.0)%	4,846	0.8 %	(4.1)%
Comparable revenue 2Q	2,705	5.2 %	(0.9)%	2,903	11.4 %	6.4 %	5,607	8.3 %	2.8 %
Comparable revenue 1H	**5,144**	**2.8 %**	**(3.0)%**	**5,310**	**6.6 %**	**1.9 %**	**10,453**	**4.7 %**	**(0.5)%**
Comparable revenue 3Q	2,577	7.4 %	1.8 %	2,888	11.0 %	6.5 %	5,465	9.3 %	4.2 %
Comparable revenue 4Q	2,678	6.8 %	2.0 %	2,901	15.2 %	11.6 %	5,579	11.0 %	6.8 %
Comparable revenue 2H	**5,255**	**7.1 %**	**1.9 %**	**5,790**	**13.0 %**	**9.0 %**	**11,044**	**10.1 %**	**5.5 %**
Comparable revenue Dec YTD	**10,399**	**4.9 %**	**(0.6)%**	**11,099**	**9.8 %**	**5.5 %**	**21,498**	**7.4 %**	**2.5 %**

By geographical area

€ millions	North America	Change at constant[1] FX	Change at current FX	EMEA	Change at constant[1] FX	Change at current FX	Asia-Pacific	Change at constant[1] FX	Change at current FX	Latin America	Change at constant[1] FX	Change at current FX	2021
Comparable revenue 1Q	2,216	6.2 %	0.4 %	1,755	(5.9)%	(7.8)%	639	2.4 %	0.7 %	236	0.1 %	(23.6)%	4,846
Comparable revenue 2Q	2,627	16.2 %	8.9 %	2,110	3.8 %	1.8 %	620	(3.7)%	(6.0)%	251	3.1 %	(19.9)%	5,607
Comparable revenue 1H	**4,843**	**11.4 %**	**4.8 %**	**3,864**	**(0.9)%**	**(2.8)%**	**1,258**	**(0.7)%**	**(2.7)%**	**487**	**1.6 %**	**(21.8)%**	**10,453**
Comparable revenue 3Q	2,497	14.0 %	7.9 %	2,101	8.7 %	6.8 %	577	(6.9)%	(8.6)%	289	10.9 %	(12.4)%	5,465
Comparable revenue 4Q	2,528	13.9 %	10.6 %	1,987	8.2 %	5.4 %	706	1.4 %	2.1 %	359	25.1 %	(1.3)%	5,579
Comparable revenue 2H	**5,025**	**13.9 %**	**9.2 %**	**4,088**	**8.5 %**	**6.1 %**	**1,283**	**(2.5)%**	**(3.0)%**	**648**	**18.3 %**	**(6.6)%**	**11,044**
Comparable revenue Dec YTD	**9,868**	**12.7 %**	**7.0 %**	**7,953**	**3.7 %**	**1.6 %**	**2,542**	**(1.6)%**	**(2.8)%**	**1,136**	**10.4 %**	**(13.8)%**	**21,498**

Appendix 3 - Pro forma interim information

The Unaudited *Pro Forma* Consolidated Interim Financial Information has been prepared for illustrative purpose only as if the acquisition of GrandVision had occurred on January 1, 2021. That information does not take into account the results of operations and financial condition that EssilorLuxottica would have achieved if the acquisition of GrandVision had actually been realized on January 1, 2021; there can be no assurance that the assumptions used to prepare the Unaudited *Pro Forma* Consolidated Interim Financial Information are accurate in all respects or that the result disclosed in the Unaudited *Pro Forma* Consolidated Interim Financial Information are indicative of the future performance of EssilorLuxottica. As a result, EssilorLuxottica's performance in the future may differ materially from that presented in the Unaudited *Pro Forma* Consolidated Interim Financial Information.

The reconciliation between adjusted[2] *pro forma* interim measures and their most comparable measures reported in the IFRS condensed consolidated interim financial statements is presented below.

€ millions	**EssilorLuxottica 1H 2021**	**GrandVision 1H 2021**	**Eliminations***	**Other *pro forma* adjustments**	**EssilorLuxottica *pro forma*[4] 1H 2021**	**Adjustments related to PPA impacts**	**Other non-GAAP adjustments**	**EssilorLuxottica *pro forma*[4] 1H 2021 Adjusted[2]**
Revenue	8,768	1,891	(206)	—	10,453	—	—	10,453
Cost of sales	3,423	(529)	161	(36)	(3,826)	37	37	(3,752)
GROSS PROFIT	**5,345**	**1,363**	**(45)**	**(36)**	**6,627**	**37**	**37**	**6,701**
% of revenue	*61.0%*	*72.0%*			*63.4%*			*64.1%*
Total operating expenses	**4,074**	**(1,074)**	**39**	**(196)**	**(5,304)**	**427**	**(9)**	**(4,887)**
OPERATING PROFIT	**1,271**	**289**	**(5)**	**(232)**	**1,323**	**464**	**28**	**1,814**
% of revenue	*14.5%*	*15.3%*			*12.7%*			*17.4%*
Cost of net debt and other **	(57)	(15)	(3)	—	(74)	(1)	—	(75)
PROFIT BEFORE TAXES	**1,214**	**274**	**(8)**	**(232)**	**1,249**	**462**	**28**	**1,739**
% of revenue	*13.9%*	*14.5%*			*11.9%*			*16.6%*
Income taxes	(302)	(43)	1	35	(310)	(94)	(25)	(429)
NET PROFIT	**912**	**231**	**(7)**	**(197)**	**939**	**368**	**2**	**1,310**
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**854**	**215**	**(7)**	**(193)**	**868**	**360**	**2**	**1,230**

* Elimination of the contribution of the businesses disposed according to the remedies agreed with antitrust authorities in the context of the GV Combination as well as of the effects of intercompany transactions between EssilorLuxottica and GrandVision.

** Including *Share of profit of associates.*

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 2022	First semester 2021
Revenue	4	11,994	8,768
Cost of sales		(4,278)	(3,423)
GROSS PROFIT		**7,716**	**5,345**
Research and development		(286)	(290)
Selling		(3,731)	(2,210)
Royalties		(109)	(87)
Advertising and marketing		(867)	(677)
General and administrative		(1,022)	(859)
Other income/(expenses)	5	10	48
Total operating expenses		**(6,006)**	**(4,074)**
OPERATING PROFIT		**1,711**	**1,271**
Cost of net debt	6	(65)	(58)
Other financial income/(expenses)	6	10	(0)
Share of profits of associates		6	2
PROFIT BEFORE TAXES		**1,661**	**1,214**
Income taxes		(424)	(302)
NET PROFIT		**1,237**	**912**
of which attributable to:			
• owners of the parent		1,174	854
• non-controlling interests		64	59
Weighted average number of shares outstanding:	7		
• basic		440,101,686	437,427,874
• diluted		444,107,551	443,087,053
Earnings per share (EPS) for net profit attributable to owners of the parent (*in euro*):	7		
• basic		2.67	1.95
• diluted		2.64	1.93

Consolidated statement of comprehensive income

€ millions	First semester 2022	First semester 2021
NET PROFIT	**1,237**	**912**
Items that may be reclassified subsequently to profit or loss		
Cash flow hedges	6	0
Net investment hedges	—	—
Foreign currency translation differences	2,218	836
Related tax effect	(2)	(0)
TOTAL ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**2,222**	**836**
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on employee benefits	105	78
Equity investments at FVOCI – net change in fair value	(36)	1
Related tax effect	(21)	(18)
TOTAL ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**49**	**61**
TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX	**2,271**	**897**
TOTAL COMPREHENSIVE INCOME	**3,509**	**1,810**
Total comprehensive income attributable to:		
• owners of the parent	3,432	1,739
• non-controlling interests	77	71

Consolidated statement of financial position

Assets

€ millions	Notes	June 30, 2022	Restated [(a)] December 31, 2021
Goodwill	8	31,468	29,104
Intangible assets	8	12,425	12,599
Property, plant and equipment	9	4,588	4,211
Right-of-use assets	9	3,022	2,930
Investments in associates		90	91
Other non-current assets	12	746	718
Deferred tax assets		413	487
TOTAL NON-CURRENT ASSETS		**52,752**	**50,140**
Inventories	10	2,872	2,445
Trade receivables	11	2,818	2,355
Tax receivables		271	296
Other current assets	12	932	804
Cash and cash equivalents	13	3,745	3,293
TOTAL CURRENT ASSETS		**10,638**	**9,193**
Assets held for sale	14	—	82
TOTAL ASSETS		**63,390**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the GV Acquisition (defined in paragraph *Basis of preparation* of the condensed consolidated financial statements), which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Consolidated statement of financial position

Equity and liabilities

€ millions	Notes	June 30, 2022	Restated[(a)] December 31, 2021
Share capital	15	81	80
Share premium reserve	15	23,031	22,381
Treasury shares reserve	15	(567)	(231)
Other reserves	15	14,100	11,387
Net profit attributable to owners of the parent		1,174	1,448
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**37,819**	**35,064**
Equity attributable to non-controlling interests	15	788	811
TOTAL EQUITY		**38,606**	**35,875**
Non-current borrowings	16	7,925	8,913
Non-current lease liabilities	16	2,324	2,230
Employee benefits		409	537
Non-current provisions	17	284	243
Other non-current liabilities	18	101	143
Deferred tax liabilities		2,503	2,536
TOTAL NON-CURRENT LIABILITIES		**13,547**	**14,602**
Current borrowings	16	3,077	1,036
Current lease liabilities	16	861	837
Trade payables		2,420	2,218
Tax payables		987	805
Current provisions	17	320	373
Other current liabilities	18	3,572	3,655
TOTAL CURRENT LIABILITIES		**11,236**	**8,925**
Liabilities held for sale	14	—	13
TOTAL EQUITY AND LIABILITIES		**63,390**	**59,415**

(a) The comparative period has been restated to reflect the finalization of the purchase price allocation (“PPA”) related to the GV Acquisition (defined in paragraph *Basis of preparation* of the condensed consolidated financial statements), which was accounted for on a provisional basis in EssilorLuxottica consolidated financial statements as of and for the year ended December 31, 2021.

Consolidated statement of changes in equity

First semester 2021

€ 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, 2021	**79**	**22,012**	**(201)**	**(1,576)**	**11,870**	**85**	**32,268**	**530**	**32,798**
Total comprehensive income for the period	**—**	**—**	**—**	**812**	**74**	**854**	**1,739**	**71**	**1,810**
Changes in consolidation scope and NCI	—	—	—	—	(89)	—	(89)	(11)	(100)
Acquisition of subsidiary with NCI	—	—	—	—	—	—	—	*(1)*	*(1)*
Acquisition of NCI without a change in control	—	—	—	—	*(7)*	—	*(7)*	*0*	*(7)*
Other changes related to NCI	—	—	—	—	*(82)*	—	*(82)*	*(10)*	*(92)*
Shares delivered to employees and exercise of stock options	0	4	75	—	(75)	—	4	—	4
Share-based payments	—	—	—	—	57	—	57	—	57
Net sale/(net purchase) of treasury shares	—	—	—	—	—	—	—	—	—
Allocation of net profit	—	—	—	—	85	(85)	—	—	—
Dividends paid	0	335	—	—	(473)	—	(138)	(51)	(189)
EQUITY AT JUNE 30, 2021	**80**	**22,350**	**(126)**	**(765)**	**11,448**	**854**	**33,841**	**539**	**34,380**

Consolidated statement of changes in equity

First semester 2022

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

(a) The balances as of January 1, 2022 reflect the finalization of the PPA related to the GV Acquisition (defined in paragraph *Basis of preparation* of the condensed consolidated financial statements), as described in Note 2 – Business combinations.

Consolidated statement of cash flows

€ millions	Notes	First semester 2022	First semester 2021
NET PROFIT		**1,237**	**912**
Depreciation, amortization and impairment		1,433	1,011
(Gains)/losses from disposal of assets		1	6
Expense arising from share-based payments		71	57
Income taxes		424	302
Finance result, net	6	55	58
Other non-cash items		(17)	(6)
Changes in provisions		(29)	36
Changes in trade working capital		(355)	(299)
Changes in other operating receivables and payables		(336)	191
Taxes paid, net		(250)	(283)
Interest paid, net		(90)	(79)
NET CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES		**2,144**	**1,905**
Purchase of property, plant and equipment and intangible assets		(768)	(418)
Disposal of property, plant and equipment and intangible assets		9	5
Acquisitions of businesses, net of cash acquired	2	(800)	(38)
Changes in other non-financial assets		69	(75)
Changes in other financial assets		(63)	183
NET CASH FLOWS PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(1,553)**	**(343)**
Share capital increase		3	4
(Purchase)/sale of treasury shares		(338)	—
Dividends paid:		(519)	(191)
• to the owners of the parent	15	(454)	(138)
• to non-controlling interests	15	(64)	(53)
Transactions with non-controlling interests		(5)	(28)
Cash payments for principal portion of lease liabilities	16	(469)	(276)
Issuance of bonds, private placements and other long-term debts	16	—	—
Repayment of bonds, private placements and other long-term debts	16	(453)	(503)
Changes in other current and non-current borrowings	16	1,451	109
NET CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**(330)**	**(886)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**260**	**677**
Cash and cash equivalents at the beginning of the financial year	13	3,293	8,683
Effects of exchange rate changes on cash and cash equivalents		192	64
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**13**	**3,745**	**9,424**

Notes to the Condensed Consolidated Interim Financial Statements

General information

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

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

The Group is a global leader in the design, manufacture and distribution of ophthalmic lenses, frames and sunglasses, with a worldwide presence across all stages of the value chain.

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 [28], 2022.

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, 2022 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, 2021.

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, 2021, 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, 2022 (see Note 1 – New accounting standards).

The Group’s reporting 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 significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

The most significant estimates and assumptions concern, in particular:

- fair values of assets and liabilities acquired in business combinations;
- the recoverable amount of goodwill and intangible assets;
- depreciation period for intangible assets with a definite useful life;
- put options over non-controlling interests;
- provisions;
- pension and other employee-benefit obligations;
- various assumptions related to lessee accounting under IFRS 16 *Leases* such as assessment of the lease terms for contracts with renewal options, or as the determination of discount rates; and
- the determination of taxes with respect to transactions whose fiscal consequences are not yet certain at the end of the reporting period.

These condensed consolidated interim financial statements are prepared on a going concern basis.

On July 1, 2021, the Group acquired GrandVision N.V. ("GrandVision" or, together with its subsidiaries, "GrandVision Group"), a leading global optical retailer with a strong presence in Europe ("GV Acquisition" or "GV Combination"). As a result, the information presented for the first semester 2021 does not include any contribution from GrandVision nor any of the effects resulting from the combination accounting.

The comparability of the financial information presented in these condensed consolidated interim financial statements is therefore affected.

Hyperinflation in Turkey

Turkey's economy has been considered hyperinflationary since April 1, 2022. The effects resulting from the application of IAS 29 - *Financial Reporting in Hyperinflationary Economies* on its Turkish operations are immaterial for the Group.

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. In July 2021, the Company announced its approach to sustainability, titled *Eyes on the Planet*, which was built around, among the others, the following pillars.

– *Eyes on Carbon*: EssilorLuxottica is working toward achieving carbon neutrality across its direct operations (scope 1 & 2 emissions) by 2025, starting in Europe by 2023.

– *Eyes on Circularity*: EssilorLuxottica is reassessing its production cycle, including a shift from fossil-based materials to bio-based materials, which produce fewer emissions, biodegrade, and are easier to recycle.

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

Significant events of the period

Finalization of GrandVision acquisition

In the first semester 2022, EssilorLuxottica completed the divestment of businesses in Italy, Belgium and the Netherlands as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition. As a result:

- on March 2, 2022, Vision Group, one of the largest distribution networks for Italian opticians and a retail player under the VisionOttica banner, acquired the VistaSì chain in Italy, including the brand and all the 99 stores as well as 75 GrandVision stores in the country; while
- on April 4, 2022, the Optic Retail International Group BENE, a member of MPG Austria (“ORIG/MPG”), completed the transaction for ORIG/MPG to purchase 142 EyeWish stores in the Netherlands and 35 GrandOptical stores in Belgium.

All the assets and liabilities related to those businesses were derecognized in the first semester of 2022. The carrying amount of those assets and liabilities were already isolated in dedicated lines within the statement of financial position (*Assets held for sale* and *Liabilities held for sale*) as of December 31, 2021.

Moreover, on April 14, 2022, EssilorLuxottica and GrandVision announced the completion of the statutory buy-out procedure, initiated on December 22, 2021, aimed at acquiring 100% of the issued share capital of GrandVision. Any remaining minority shareholders of GrandVision were offered the offer price, i.e. €28.42 per share, plus financial interests as per the applicable regulations.

The completion of the statutory buy-out did not affect the accounting of the GV Combination, since the transaction was accounted for as if all ownership interests in GrandVision (100%) were acquired at the acquisition date (July 1, 2021) as part of the transaction to gain control (so called *linked-transaction accounting*).

EssilorLuxottica currently holds 100% of GrandVision's issued shares which were already delisted from Euronext Amsterdam on January 10, 2022 (last trading day on January 7, 2022).

Significant acquisitions

The two following acquisitions, announced in 2021, have been completed during the first semester of 2022:

- **Walman Optical:** on March 1, 2022, EssilorLuxottica announced the closing of its acquisition of U.S. based lab network Walman Optical, a leading lab partner to vision care practices around the country. First announced in March 2021, the acquisition will draw on EssilorLuxottica’s focus on product and service innovation to create growth opportunities for Walman Optical.
- **SightGlass Vision:** on March 17, 2022 EssilorLuxottica and CooperCompanies finalized the agreement related to their joint venture SightGlass. This collaboration of two global vision care leaders accelerates the commercialization of novel spectacle lens technologies to expand the myopia management category.

Moreover, on May 31, 2022, EssilorLuxottica completed the acquisition of 90.9% of the share capital of **Giorgio Fedon & Figli S.p.A.** ("**Fedon**"), a company listed on Euronext Growth Milan focused on the production of eyeglass cases. The transaction represents a step forward in EssilorLuxottica's vertical integration strategy, aimed at achieving the highest quality standards along the entire value chain and optimizing the service for the benefit of all industry players. Thanks to Fedon's cutting-edge technologies and dedicated innovations, the acquisition will allow to better fit the eyewear and spectacles with the cases and packaging to ensure maximum protection and integrity of the product, for the benefit of the final consumer. Furthermore, EssilorLuxottica will leverage on Fedon to pursue its sustainability strategy, investing in the recyclability and circularity of the packaging materials produced by the company.

Following the closing of the transaction, originally announced on April 11, 2022, EssilorLuxottica was under the obligation to launch a mandatory tender offer on all outstanding shares of Fedon ("MTO"). The MTO process was completed during the month of July and Fedon's shares delisted from July 20, 2022.

Further information on those acquisitions and their effects on EssilorLuxottica's condensed consolidated interim financial statements is provided in Note 2 – Business combinations.

Russia-Ukraine conflict

EssilorLuxottica’s immediate reaction to Russia-Ukraine conflict was to protect its employees and their families in Ukraine ensuring the payments of salaries and bonuses and providing logistics support and accommodations for those crossing the border.

Moreover, due to the uncertainties and significant disruptions, EssilorLuxottica decided to temporarily restrict its operations in Russia while continuing to provide essential medical vision care services.

The magnitude of the financial impact resulting from the Russia-Ukraine conflict, where the Group's operations represented approximately 1% of the 2021 consolidated revenue, remains not material on the Group consolidated assets and liabilities as well as on the statement of profit or loss for the six-month period ended June 30, 2022.

The Group continue to operate in Ukraine through its retail chains, while in Russia the portfolio of products and services offered both in the retail and wholesale business has been restricted, as announced by the Company in March 2022.

The Company will monitor the evolution of the conflict and its macroeconomics impacts and adapt its response accordingly.

Note 1 New accounting standards

1.1. New endorsed standards, amendments and interpretations that are effective for annual periods beginning on January 1, 2022

The Group adopted the following amendments endorsed by the European Union and effective for annual periods beginning on January 1, 2022. The adoption of these amendments by the Group had no material impact.

- Amendments to IFRS 3 *Business Combinations* (updated references to the Conceptual Framework), IAS 16 *Property, Plant and Equipment* (proceeds before intended use) and IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (onerous contracts), all issued on May 14, 2020 and endorsed on June 28, 2021
- *Annual Improvements to IFRS Standards 2018-2020,* issued on May 14, 2020 and endorsed on June 28, 2021

As regards to the clarifications included in the Agenda Decision published by the IFRIC in April 2021 concerning the recognition of the costs of configuring or customizing software used in a SaaS (Software as a Service) arrangement (recognition as intangible assets versus expenses), the analysis, completed over the period, confirms that impacts are not significant.

1.2. New endorsed standards, amendments and interpretations effective for annual periods beginning after January 1, 2022 and not yet adopted by the Group

The following standards and amendments, that are effective for annual periods beginning after January 1, 2022 have already been endorsed by the European Union.

- IFRS 17 *Insurance Contracts* (issued on May 18, 2017) including Amendments to IFRS 17 (issued on June 25, 2020), both endorsed on November 19, 2021 and effective from annual periods beginning on January 1, 2023. The Group is progressing with its analysis of the insurance contracts falling into the scope of the new standard. Based on the preliminary analysis performed, IFRS 17 is not expected to materially affect the Group's performance nor its financial position, except for the presentation of some insurance-related assets and liabilities (net *versus* gross presentation in the statement of financial position).
- Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 (disclosure of accounting policies) and Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors* (definition of accounting estimates), both issued on February 12, 2021, endorsed on March 2, 2022 and effective from annual periods beginning on January 1, 2023. Their potential impacts on the Group consolidated financial statements are currently being analysed.

Note 2 Business combinations

2.1. *GrandVision - PPA finalization*

As consented by IFRS 3, the GV Combination was accounted for on a provisional basis in 2021 consolidated financial statements. During the course of the first semester 2022, the Group obtained additional information about facts and circumstances that existed as of the acquisition date (July 1, 2021) and retrospectively adjusted the provisional fair value recognized as follows.

€ millions	Notes	July 1, 2021 provisional	Adjustments	July 1, 2021 final
Intangible assets		2,733	329	3,062
Of which trade names, trademarks and brands		*1,555*	—	*1,555*
Of which customer relationships		*1,001*	—	*1,001*
Of which other intangible assets		*177*	*329*	*506*
Property, plant and equipment		455	—	455
Right-of-use assets		1,200	—	1,200
Investments in associates		1	—	1
Other non-current assets		91	—	91
Deferred tax assets		37	(11)	26
Inventories		390	—	390
Trade receivables		169	—	169
Tax receivables		39	(4)	35
Other current assets		141	—	141
Cash and cash equivalents		200	—	200
Assets held for sale		65	—	65
TOTAL IDENTIFIABLE ASSETS		**5,521**	**314**	**5,835**
Non-current borrowings		277	—	277
Non-current lease liabilities		835	—	835
Employee benefits		133	—	133
Non-current provisions		15	21	36
Other non-current liabilities		21	—	21
Deferred tax liabilities		616	86	702
Current borrowings		398	—	398
Current lease liabilities		331	—	331
Trade payables		226	—	226
Tax payables		50	0	50
Current provisions		75	6	81
Other current liabilities		522	—	522
TOTAL IDENTIFIABLE LIABILITIES		**3,500**	**113**	**3,613**
NET IDENTIFIABLE ASSETS		**2,021**	**201**	**2,222**

The goodwill arising from the GV Combination was updated accordingly and allocated to relevant currencies as per IAS 21 *The Effects of Changes in Foreign Exchange Rates* requirements.

€ millions	July 1, 2021 provisional	Adjustments	July 1, 2021 final
Consideration transferred	7,198	—	7,198
Non-controlling interests based on the proportionate interest in the recognized net assets of the subsidiaries of GrandVision	227	—	227
Identifiable assets acquired and liabilities assumed	2,021	201	2,222
GOODWILL	**5,404**	**201**	**5,203**

As required by IFRS 3, those adjustments have been recognized as if the accounting for the GV Combination had been completed at July 1, 2021. Consequently, the consolidated statement of financial position as of December 31, 2021 presented in these condensed consolidated interim financial statements has been restated. The main effects are as follows:

– *Goodwill* decreased by €308 million (€201 million related to the change recognized as of July 1, 2021 and €107 million related to the effect of translation differences from July 1 to December 31, 2021);

– *Intangible assets* increased by €310 million (net of the related additional amortization recognized from the acquisition date until the end of the year) following the recognition of the value of GrandVision's franchising network; in fact, GrandVision operates its stores directly and through franchise contracts; the value of the franchising network has been measured applying the *multi-period excess earnings* method (i.e. considering the present value of net cash flows expected to be generated by the franchising network, excluding any cash flows related to contributory asset);

– *Deferred tax liabilities* increased by €82 million, corresponding to the deferred tax liabilities arising from the recognition of the franchising network and their movements of the second semester 2021; and

– *Non-current provisions* increased by €21 million.

2021 annual consolidated statement of profit or loss, statement of comprehensive income and statement of cash flows were also restated to account for the higher amortization of the intangible assets from the acquisition date until the end of the year (approximately €19 million) and the related tax effects.

2.2. *Business combinations of the period*

The table below shows the total impact of the business combinations accounted for in the period on the consolidated statement of financial position as of June 30, 2022, as well as on the consolidated statement of profit or loss and the consolidated statement of cash flows for the first semester 2022.

€ millions	**Total**
TOTAL ASSETS ACQUIRED AT FAIR VALUE (A)	**320**
TOTAL LIABILITIES ASSUMED AT FAIR VALUE (B)	**146**
FAIR VALUE OF NET ASSETS ACQUIRED (C=A-B)	**174**
Consideration for the acquisitions (D)	923
Equity attributable to non-controlling interests (E)	0
Fair value of net assets acquired (C)	174
GOODWILL RECOGNIZED (F=D+E-C)	**749**
Consideration for the acquisitions (D)	(923)
Deferred payments (G)	27
Acquired cash (H)	119
CASH FLOW FROM THE ACQUISITIONS, NET OF CASH ACQUIRED (I=D+G+H)	**(777)**
CONTRIBUTION TO 2022 INTERIM CONSOLIDATED REVENUE	**115**
CONTRIBUTION TO 2022 INTERIM NET PROFIT	**10**

The fair value of the assets and liabilities taken over companies acquired during the period is calculated on a provisional basis and may be reviewed at a later date no later than 12 months after the acquisition date. Material differences resulting from the final valuation will be recognized as a retrospective adjustment against goodwill if they are identified within twelve months from the acquisition date and relate to facts and circumstances that existed as of the acquisition date. No material differences arose from business combinations occurred in 2021 with the exception of those disclosed above related to the GV Combination (see paragraph *GrandVision - PPA Finalization*).

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

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

On an unaudited *pro forma* basis, had those business combinations occurred at the beginning of the year, revenue contributed by the acquisitions to the consolidated statement of profit or loss for the six-month period ended June 30, 2022 would have been €194 million.

The main business combinations occurred during the six-month period ended June 30, 2022 are described below. EssilorLuxottica is currently working on the valuation of the acquired assets and liabilities with the support of independent valuation experts. The amounts accounted for in the first semester 2022 shall be considered as provisional and might be adjusted base on the outputs of the valuation work.

Walman Optical

On March 1, 2022, EssilorLuxottica closed the acquisition of Walman Optical ("Walman"), a leading lab partner to vision care practices based in the US. The Group currently owns 100% of the share capital of Walman (no equity interest in the acquiree was held by the Group prior to the acquisition).

The consideration transferred by the Group in the context of the acquisition, measured in accordance with IFRS 3, amounted to approximately €710 million while the provisional goodwill recognized as a result of the acquisition amounts to €535 million; due to the nature of Walman's business the goodwill has been allocated to the group of CGUs Professional Solutions.

SightGlass Vision

On March 17, 2022, the newly created joint venture between EssilorLuxottica (50%) and CooperCompanies (50%) completed the acquisition of SightGlass Vision from CooperCompanies. Since this date SightGlass Vision is fully consolidated within EssilorLuxottica Group accounts. SightGlass Vision is a US based life sciences company focused on developing innovative spectacle lenses to reduce the progression of myopia in children.

The consideration transferred by the Group in the context of the acquisition amounted to approximately €72 million, including a contingent consideration linked to the approval of the company's technologies. The provisional goodwill recognized in the first semester of 2022 amounts to approximately €72 million and it is expected to decrease as a result of the finalization of the valuation of the company's intangible assets (mainly technologies). Due to the nature of SightGlass Vision's business this provisional goodwill has been allocated to the group of CGUs Professional Solutions.

Fedon

On May 31, 2022, EssilorLuxotica acquired 1,727,141 shares of the company Giorgio Fedon & Figli S.p.A. ("Fedon") representing 90.9% of the share capital of Fedon. The acquisition followed the preliminary sale and purchase agreement signed and announced on April 11, 2022.

The purchase price agreed and to be paid on the closing date to the sellers, in proportion to the respective shareholdings, is equal to €17.03 for each share and therefore to an aggregate of €29.4 million. As already mentioned, following the closing of the transaction, EssilorLuxottica was under the obligation to launch an MTO on all outstanding shares of Fedon at the same price of €17.03 per share. Therefore, management decided to account for the acquisition of Fedon as if all ownership interests in the company (100%) were acquired at the acquisition date (May 31, 2022) as part of the transaction to gain control (so called *linked-transaction accounting*).

The consideration transferred by the Group in the context of the acquisition amounted to approximately €32 million (including the liability related to the completion of the MTO on all Fedon's shares still outstanding as of June 30, 2022) while the provisional goodwill recognized as a result of the acquisition amounts to €24 million; due to the nature of Fedon's business the goodwill has been allocated to the group of CGUs Professional Solutions.

Note 3 Segment information

3.1. Information by segment

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

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

The Group operates in two segments:

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

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

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

Information by operating segment for the six-month period ended June 30, 2022 as well as information by operating segment for the six-month period ended June 30, 2021 is presented below.

First semester 2022

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

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

First semester 2021

€ millions	Professional Solutions	Direct to Consumer	Corporate costs and other	First semester 2021
Revenue	**5,196**	**3,572**	**—**	**8,768**
Operating profit before amortization of intangible assets acquired in business combinations [(a)]	**1,155**	**675**	**(173)**	**1,657**
Amortization of intangible assets acquired in business combinations				(386)
OPERATING PROFIT				**1,271**
Cost of net debt				(58)
Other financial income/(expenses)				(0)
Share of profits (loss) of associates				2
Income taxes				(302)
NET PROFIT				**912**
Acquisitions of property, plant and equipment and intangible assets	220	115	—	335
Amortization, depreciation and impairment	(258)	(351)	(403)	(1,011)

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

3.2. Information by geographical area

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

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

Information by geographical area is as follows:

€ millions	First semester 2022	First semester 2021
North America	5,591	4,810
EMEA	4,401	2,290
Asia-Pacific	1,351	1,258
Latin America	650	410
REVENUE	**11,994**	**8,768**

The main countries in which the Group operated are the United States for North America (revenue amounting to €5,229 million for the six-month period ended June 30, 2022, €4,509 million in the first semester of 2021) and France, Italy, the United Kingdom and Ireland for EMEA (cumulated revenue amounting to €2,003 million for the six-month period ended June 30, 2022, €1,186 million in the first semester of 2021).

The significant increase in revenue generated in the EMEA area is largely due to the consolidation of GrandVision, whose retail network is mainly based in Europe.

Note 4 Revenue

The breakdown of revenue by category is as follows:

€ millions	First semester 2022	First semester 2021
Sales of products	11,128	8,126
Managed vision care	653	531
Eye-exam and related professional fees	123	63
Income from franchisee royalties	75	33
Sub-lease income	16	15
REVENUE	**11,994**	**8,768**

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

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

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, 2021 is as follows:

€ millions	Professional Solutions	Direct to Consumer	First semester 2021
Sales of products	5,196	2,930	8,126
Managed vision care	—	531	531
Eye-exam and related professional fees	—	63	63
Income from franchisee royalties	—	33	33
Sub-lease income	—	15	15
REVENUE	**5,196**	**3,572**	**8,768**

Note 5 Operating income and expenses

5.1. *Depreciation, amortization and impairment loss*

For the six-month period ended June 30, 2022, the depreciation, amortization and impairment loss of property, plant and equipment, intangible assets and right-of-use assets amount to €1,433 million (€1,011 million for the first semester of 2021).

5.2. *Leases*

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

€ millions	**First semester 2022**	**First semester 2021**
Depreciation expenses on right-of-use assets	(451)	(267)
Rent expenses – short term leases	(7)	(4)
Rent expenses – low value leases	(13)	(10)
Rent expenses – variable leases payments [(a)]	(267)	(156)
TOTAL AMOUNTS RECOGNIZED IN *OPERATING PROFIT*	**(738)**	**(439)**

(a) Including negative variable payments resulting from COVID-19 rent concessions.

In the first semester 2022, the Group has continued to negotiate with its landlords, although marginally compared to the first semester 2021, COVID-19 temporary rent concessions; those rent concessions include rent holidays or rent reductions for a period of time, which might or might not be followed by increased rent payments in future periods. The prevalent form of rent concession agreed throughout the Group consisted in a total of partial forgiveness of lease payments which the Group accounted for as negative variable payments decreasing the related lease liabilities accordingly. The overall impact resulting from COVID-19 rent concessions accounted for in the first semester of 2022 is a decrease in *Rent expenses – variable leases payments* amounting to €5 million (€24 million in the first semester 2021).

5.3. *Personnel costs and share-based payments*

Personnel costs amount to €3,799 million (€2,684 million for the first semester of 2021) including €70 million related to share-based payment expenses (€60 million for the first semester 2021).

Compensation costs on share-based payments are measured as described in the Notes to the 2021 consolidated financial statements. The breakdown of the expenses recorded into the consolidated statement of profit or loss is as follows:

€ millions	**First semester 2022**	**First semester 2021**
Performance shares	(69)	(50)
Restricted shares	—	(6)
Stock options subscriptions	(1)	(1)
Employee share issues	0	(4)
COMPENSATION COSTS ON SHARE-BASED PAYMENTS	**(70)**	**(60)**

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

Number of employees at closing date	June 30, 2022	December 31, 2021
North America	43,764	42,208
EMEA	69,510	68,765
Asia-Pacific	49,362	48,449
Latin America	23,738	23,262
TOTAL NUMBER OF EMPLOYEES	**186,374**	**182,684**

5.4. *Other income and expenses*

Other operating income and expenses are as follows:

€ millions	First semester 2022	First semester 2021
Capital gains/(losses) on disposals of operations and assets	(1)	(6)
Other	11	55
OTHER INCOME/(EXPENSES)	**10**	**48**

The line *Other* reported in the table above mainly includes:

- an income of approximately €4 million representing the funds recovered on Group's bank accounts in the first semester of 2022 related to the fraudulent financial activities discovered in December 2019 in one of the Group's plants in Thailand (the "EMTC fraud"); the overall negative impact recorded in 2019 amounted to €185 million; approximately €24 million were already recovered during the course of 2020 while €62 million were recovered in 2021, mainly in the first semester of the year (see Note 20 – Contingencies and commitments, paragraph 20.2 *Litigation and contingent liabilities*); and
- an income of approximately €7 million resulting from the divestment of the European businesses as per the commitments agreed upon with the European Commission on March 23, 2021 in the context of the GV Acquisition.

Note 6 Financial income and expenses

Financial income and expenses are as follows:

€ millions	First semester 2022	First semester 2021
Interest on debt and borrowings and related derivatives	(45)	(46)
Interest on leases liabilities	(32)	(21)
Interest income	11	9
COST OF NET DEBT	**(65)**	**(58)**
Dividend income	4	0
Foreign exchange gains or losses	7	(1)
Interest income on lease receivables	0	—
Other	(2)	0
OTHER FINANCIAL INCOME/(EXPENSES)	**10**	**(0)**
FINANCIAL RESULT	**(55)**	**(58)**

Note 7 Earnings per share

The net profit used for the calculation of earnings per share is €1,174 million (€854 million in the first semester of 2021), while the average number of ordinary shares outstanding used for the calculation of basic earnings per share is 440,101,686 for the first semester of 2022 (437,427,874 for the first semester of 2021).

€ millions	**First semester 2022**	**First semester 2021**
Net profit (loss) used for the calculation	1,174	854
Weighted average number of ordinary shares	440,101,686	437,427,874
BASIC EARNINGS PER SHARE *(in euro)*	**2.67**	**1.95**

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

	First semester 2022	**First semester 2021**
Weighted average number of ordinary shares	440,101,686	437,427,874
Dilutive effect of stock subscription options	108,554	73,053
Dilutive effect of share grants	3,897,310	5,586,126
DILUTED WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	**444,107,551**	**443,087,053**
DILUTED EARNINGS PER SHARE *(in euro)*	**2.64**	**1.93**

As of June 30, 2022:

- 3,132,840 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 (1,005,811 as of June 30, 2021);
- 428,797 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 (427,462 as of June 30, 2021).

Note 8 Goodwill and other intangible assets

Changes in *Goodwill* and *Other intangible assets* in the first semester of 2022 are as follows.

€ millions	Goodwill	Trade names, trademarks and brands	Technologies	Customer relationships	Other	Total
Balance as of January 1, 2022						
Historical cost	29,104	6,402	2,858	6,413	2,660	47,437
Accumulated amortization and impairment	—	(1,821)	(871)	(1,402)	(1,639)	(5,734)
NET BOOK VALUE AS OF JANUARY 1, 2022 (a)	**29,104**	**4,581**	**1,987**	**5,010**	**1,020**	**41,703**
Additions	—	0	—	—	109	109
Business combinations	753	0	—	3	18	774
Amortization	—	(122)	(135)	(242)	(132)	(631)
Impairment	—	(7)	—	—	(0)	(7)
Divestment and assets classified as held for sale	—	—	—	—	(0)	(0)
Translation differences and other	1,610	119	4	222	(11)	1,945
TOTAL CHANGES	**2,363**	**(10)**	**(130)**	**(17)**	**(16)**	**2,189**
Balance as of June 30, 2022						
Historical Cost	31,468	6,615	2,868	6,724	2,776	50,451
Accumulated amortization and impairment	—	(2,044)	(1,012)	(1,731)	(1,772)	(6,559)
NET BOOK VALUE AS OF JUNE 30, 2022	**31,468**	**4,571**	**1,856**	**4,993**	**1,004**	**43,892**

(a) The net book value as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition, as described in Note 2 – Business combinations.

Most significant intangible assets of the Group are related to:

(i) the Group's brands, with a total carrying amount of €4,571 million as of June 30, 2022 (€4,581 million as of December 31, 2021), including those recognized as a result of the EL Combination with a carrying amount of €2,564 million as of June 30, 2022 (€2,535 million as of December 31, 2021) and the trade names recognized in the context of the GV Acquisition with a carrying amount of €1,493 million as of June 30, 2022 (€1,526 million as of December 31, 2021).

(ii) the technologies recognized in 2018 as a result of the EL Combination, with a carrying amount of €1,840 million as of June 30, 2022 (€1,969 million as of December 31, 2021);

(iii) the customer relationship recognized in 2018 as a result of the EL Combination, with a carrying amount of €3,994 million as of June 30, 2022 (€3,946 million as of December 31, 2021) as well as the customer relationships recognized in 2021 in the context of the GV Acquisition with a carrying amount of €877 as of June 30, 2022 (€943 as of December 31, 2021).

The carrying amount of the franchising network recognized in the context of the finalization of the PPA related to the GV Acquisition has been included within the column *Other* (€291 million as of June 30, 2022, €310 million restated as of December 31, 2021).

In the first semester of 2022, *Goodwill* increased by €2,363 million of which: €1,610 million resulting from foreign currency fluctuations of the period (including €1,368 million related to foreign currency fluctuations on the goodwill arising from the EL Combination), and €753 million resulting from the business combinations provisionally accounted for in the period (please refer to Note 2 – Business combinations).

The main increases in *Intangible assets* in the first semester 2022 also resulted from the business combinations occurred in the period as well as from investment in the IT platforms of the Group.

8.1. Impairment tests

8.1.1 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, 2022 [(a)]**	**Changes**	**June 30, 2022**
Professional Solutions	20,582	2,104	22,686
Direct to Consumer - Optical	7,199	163	7,363
Direct to Consumer - Sun	1,323	96	1,419
TOTAL	**29,104**	**2,363**	**31,468**

(a) The carrying amount of *Goodwill* as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition, as described in Note 2 – Business combinations.

Changes occurred in the first semester of 2022 are substantially linked to the acquisition of the period (€753 million increase, mainly in the Professional Solutions group of CGUs) and to foreign currency fluctuations (€1,610 million).

According to IAS 36 – *Impairment of assets,* entities are required to conduct impairment tests on goodwill, and certain intangible assets, annually, as well as whenever there is an indication that those assets may be impaired. The latest annual impairment test on goodwill was performed at an interim date during the second semester of 2021. No impairment losses were recognized as a result of this test.

As of June 30, 2022, 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 2022 year end closing.

8.1.2 Impairment test of other intangible assets

As regards to other intangible assets, specific impairment tests are performed, when the Group identifies impairment indicators.

During the course of the first semester of 2022, specific circumstances, linked to the Russia-Ukraine conflict on one side and the COVID-19 lockdowns in China on the other side, have led the Group to perform impairment tests on the value of the intangible assets pertaining to the affected businesses.

No material impairment losses resulted from these tests. The overall impairment losses on intangible assets recognized in the first semester 2022 amounted to €7 million.

Note 9 Property, plant and equipment and right-of-use assets

9.1. Property, plant and equipment

Changes in items of *Property, plant and equipment* in the first semester of 2022 are as follows.

€ millions	**Land, Buildings and related leasehold improvements**	**Plant, equipment, machinery**	**Other**	**Total**
Balance as of January 1, 2022				
Historical cost	3,188	3,761	2,148	9,098
Accumulated depreciation and impairment	(1,459)	(2,285)	(1,142)	(4,887)
NET BOOK VALUE AS OF JANUARY 1, 2022	**1,729**	**1,476**	**1,006**	**4,211**
Additions	91	96	313	500
Business combinations	16	25	8	49
Depreciation	(96)	(152)	(85)	(333)
Impairment	(2)	(4)	(2)	(8)
Disposals and assets classified as held for sale	(0)	(4)	(4)	(9)
Translation differences and other	203	137	(162)	178
TOTAL CHANGES	**211**	**98**	**69**	**377**
Balance as of June 30, 2022				
Historical cost	3,563	4,106	2,259	9,928
Accumulated depreciation and impairment	(1,623)	(2,533)	(1,184)	(5,340)
NET BOOK VALUE AS OF JUNE 30, 2022	**1,940**	**1,573**	**1,075**	**4,588**

The Group’s property, plant and equipment mainly include:

- buildings consisting mainly of plants, prescription laboratories and administrative offices. Their locations reflect the Group’s broad international presence;
- production plants and equipment including machines and equipment for producing semi-finished and finished lenses as well as frames.

The prescription laboratories also have machines and equipment for surfacing, coating, edging and mounting lenses.

The column "Other" includes assets under construction with a corresponding carrying amount of €496 million as of June 30, 2022 (€445 million as of December 31, 2021).

Specific impairment tests were performed as of June 30, 2022, when the Group identified impairment indicators. The impairment losses on tangible assets recognized in the first semester 2022 amounted to €8 million.

9.2. Right-of-use assets

The following tables summarize the amounts recognized in the Group consolidated statement of financial position as a result of the application of IFRS 16. In particular, the tables show the carrying amounts of the Group's right-of-use assets as well as their movements during the six-month period ended June 30, 2022.

€ millions	Store and other buildings	Equipment and machinery	Other	Total
NET BOOK VALUE JANUARY 1, 2022	**2,904**	**7**	**20**	**2,930**
Additions	335	12	9	356
Business combination	25	—	—	25
Depreciation	(439)	(4)	(8)	(451)
Impairment losses	(3)	—	—	(3)
Disposals and assets classified as held for sale	(0)	(0)	(0)	(0)
Translation differences and other	166	(1)	(1)	164
NET BOOK VALUE JUNE 30, 2022	**2,987**	**14**	**21**	**3,022**

Specific impairment tests were performed as of June 30, 2022, when the Group identified impairment indicators. The impairment losses on right-of-use assets recognized in the first semester 2022 amounted to €3 million.

Note 10 Inventories

The composition of inventories is as follows:

€ millions	June 30, 2022	December 31, 2021
Raw material, supplies and packaging	782	676
Work in progress	112	101
Finished Goods	2,453	2,130
INVENTORIES - GROSS	**3,347**	**2,907**
Inventory obsolescence reserve	(475)	(462)
INVENTORIES (NET)	**2,872**	**2,445**

Note 11 Trade receivables

Trade receivables are as follows:

€ millions	June 30, 2022	December 31, 2021
Trade receivables – gross	3,015	2,575
Bad debt provision	(197)	(220)
TRADE RECEIVABLES (NET)	**2,818**	**2,355**

Note 12 Other current and non-current assets

Other current and non-current assets as of June 30, 2022 and December 31, 2021 are detailed below:

€ millions	June 30, 2022	December 31, 2021
Other non-financial assets	479	477
Derivative financial instruments	3	—
Financial lease receivables	61	46
Other financial assets	204	194
OTHER NON-CURRENT ASSETS	**746**	**718**
Social and sales tax receivable	270	259
Advances to suppliers	88	82
Prepaid expenses	265	195
Other	207	212
TOTAL OTHER CURRENT NON-FINANCIAL ASSETS	**830**	**747**
Derivative financial instruments	73	42
Short-term investments	13	—
Financial lease receivables	16	14
Other	0	0
TOTAL OTHER CURRENT FINANCIAL ASSETS	**102**	**57**
OTHER CURRENT ASSETS	**932**	**804**

The balance of Other non-financial assets as of June 30, 2022 includes €125 million transferred to the French Competition Authority in the context of the procedure against Luxottica, its subsidiary Alain Mikli and other competitors (see paragraph 20.2.2 *Alleged anti-competitive practices*). The payment was considered as a *deposit* made to a public authority in the context of the overall procedure and it has been accounted accordingly since December 2021 (taking into consideration the expected timing of the conclusion of the procedure).

Note 13 Cash and cash equivalents

Cash and cash equivalents are as follows:

€ millions	June 30, 2022	December 31, 2021
Cash in hand and at bank	2,035	1,588
Time deposits	1,710	1,705
Money market funds	—	—
CASH AND CASH EQUIVALENTS	**3,745**	**3,293**

Note 14 Assets and liabilities held for sale

On March 23, 2021, the European Commission granted its final approval to the GV Acquisition subject to the divestment of GrandVision's optical retail businesses in Belgium, the Netherlands, and Italy as well as of all EssilorLuxottica's "VistaSì" stores in Italy. At the end of 2021, EssilorLuxottica and GrandVision entered into two agreements to sell those businesses to third parties. Accordingly, as of December 31, 2021, the carrying amount of those assets and liabilities had been isolated in the dedicated lines within the statement of financial position (*Assets held for sale* and *Liabilities held for sale*) and measured at its fair value less costs to sell.

As mentioned in the paragraph *Significant events of the period*, those businesses were sold over the semester. All the related assets and liabilities were derecognized from EssilorLuxottica's statement of financial position with no material effects on the statement of profit or loss of the period (an income of approximately €7 million).

Note 15 Equity

15.1. Number of shares

The changes in number of shares between January 1 and June 30 for the years 2022 and 2021 are as follows:

In number of shares	**First semester 2022**	**First semester 2021**
NUMBER OF SHARES AS OF JANUARY 1	**442,442,920**	**439,005,894**
Scrip dividend	4,789,194	2,687,685
Delivery of performance shares	167,947	30,782
Exercise of stock options [(a)]	16,447	36,541
NUMBER OF SHARES AS OF JUNE 30	**447,416,508**	**441,760,902**

(a) As of June 30, 2022 the amount includes 2,046 shares which were delivered but not yet registered, 13,732 shares were delivered but not yet registered as of June 30, 2021.

15.2. Share capital and Share premium reserve

The share capital of the Company amounted to €81 million as of June 30, 2022 and was comprised of 447,416,508 ordinary shares with a par value of €0.18 each (€80 million as of December 31, 2021 comprising 442,442,920 ordinary shares).

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

- *Scrip dividend*: refers to the issuance of 4,789,194 shares as a consequence of the distribution of the *dividend* related to 2021 (see paragraph 15.5 *Dividends*) resulting in an increase of the share capital and the share premium reserve of €0.9 million and €648 million respectively;
- *Delivery of performance shares*: refers to the issuance of 167,947 shares in the context of the Group's performance share plans with no effect on share premium reserve;
- *Exercise of stock options*: refers to 16,447 shares issued following the exercise of stock options granted to employees, resulting in an increase of the share premium reserve of €2 million.

15.3. *Treasury shares reserve*

As of June 30, 2022, the Group held 3,412,512 EssilorLuxottica's shares valued at €567 million (1,382,761 EssilorLuxottica's shares valued at €231 million as of December 31, 2021).

During the six-month period ended June 30, 2022, the Group accounted for an increase of €336 million in the treasury shares reserve mainly due to the share buyback programs launched by the Company:

- 1,500,000 EssilorLuxottica shares were purchased from February 1 to February 8, 2022 for an average price of €174.14 and for a total amount of €262 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on February 1, 2022 (in accordance to the 10th resolution approved by the Annual Shareholders' Meeting of 21 May 2021);
- 544,723 EssilorLuxottica shares were purchased from June 17 to June 30, 2022 for an average price of €138.85 and for a total amount of €76 million (including transaction fees). This purchase was executed in the context of the share buyback program announced on June 17, 2022 (in accordance to the 14th resolution approved by the Annual Shareholders' Meeting of 25 May 2022). At the closing date, this buyback program was in progress with a mandate granted for a purchase of up to 2,500,000 EssilorLuxottica shares until August 31, 2022; 393,686 additional shares have been purchased during the first days of July for an overall cash-out of €55 million.

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

15.4. *Retained earnings and other reserves*

Retained earnings and other reserves amount to €11,755 million as of June 30, 2022 (€11,248 as of December 31, 2021).

The main changes accounted in the period refer to the allocation of 2021 restated net profit attributable to owners of the parent (€1,448 million) partially counterbalanced by the dividend distribution described in the following paragraph (€1,104 million), the share-based payments costs recorded in the first semester of 2022 (€70 million increase compared to December 31, 2021), the delivery of shares to employees in the context of share-based plan served with treasury shares (€1 million decrease compared to December 31, 2021) and to the transactions with non-controlling interests (€43 million increase compared to December 31, 2021).

15.5. *Dividends*

The Annual Shareholdings' Meeting of EssilorLuxottica held on May 25, 2022 approved the distribution of a dividend of €2.51 per ordinary share for the year 2021. Shareholders were granted the option to receive their dividend in newly issued shares at a price of €135.60 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, 2021, this total being rounded up to the next euro cent.

At the end of the option period (June 15, 2022), 258,731,714 dividend rights were exercised in favour of the payment of the 2021 dividend in shares. Accordingly a total dividend distribution of €1,104 million was accounted for in the semester:

- 4,789,194 new EssilorLuxottica's shares were issued and delivered, representing a dividend distribution equal to €649 million; and
- €454million were paid in cash to those shareholders who did not opt for the *scrip dividend*.

Both the cash and the *scrip* dividend were paid on June 21, 2022. On the same day, the newly issued shares were admitted to trading on Euronext Paris. Those shares confer the same rights as the existing shares and carry current dividend rights conferring the right to any distribution paid out as from the date of their issuance.

Over the first semester of 2021, a *final dividend* amounting to €1.08 per share was paid on June 21, 2021 to the shareholders for a total amount of €473 million, of which €138 million paid in cash and €335 million in shares (*scrip dividend)*. An interim dividend for the year 2020 had been already distributed in December 2020 for an amount of €503 million.

The total dividend distributed to non-controlling shareholders in the first semester of 2022 amounted to €62 million (€51 million during the same period of 2021).

15.6. Non-controlling interests

Equity attributable to non-controlling interests amounted to €788 million as of June 30, 2022 and €811 million as of December 31, 2021.

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

€ millions	**2022**
POSITION AS OF JANUARY 1, 2022	**811**
Total comprehensive income of the period	77
Changes in consolidation scope and NCI	(38)
Acquisition of subsidiaries with NCI	*1*
Acquisition of NCI without a change in control	*(3)*
Other changes related to NCI	*(37)*
Dividends paid	(62)
POSITION AS OF JUNE 30, 2022	**788**

Note 16 Financial debt, including lease liabilities

Total financial debt is €14,187 million as of June 30, 2022 (€13,017 million as of December 31, 2021).

The changes in financial debt during the six-month period ended June 30, 2022 are as follows:

€ millions	Balance as of January 1, 2022	Change in financing flows [a]	Scope effects	Translation differences	Other [b]	Balance as of June 30, 2022
Non-current borrowings	8,913	(8)	33	12	(1,026)	7,925
Non-current lease liabilities	2,230	(1)	20	81	(7)	2,324
TOTAL NON-CURRENT FINANCIAL DEBT	**11,144**	**(9)**	**54**	**93**	**(1,032)**	**10,249**
Current borrowings	1,036	1,005	5	47	983	3,077
Current lease liabilities	837	(469)	4	29	459	861
TOTAL CURRENT FINANCIAL DEBT	**1,874**	**537**	**9**	**76**	**1,442**	**3,937**
TOTAL FINANCIAL DEBT	**13,017**	**528**	**62**	**169**	**410**	**14,187**

(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, as well as the decrease in lease liabilities resulting from COVID-19 rent concessions accounted for as negative variable lease payments in the consolidated statement of profit or loss (see Note 5 – Operating income and expense).

The Group uses debt financing to raise financial resources for medium/long-term business operations and to finance acquisitions. The overall increase by €1,169 million in total financial debt is mainly linked to the issuance of various Commercial Paper under the NEU CP and USCP programs, partially offset by the repayment of a USD200 million US private placement (nominal value) matured on January 5, 2022 and the repayment of a USD300 million Eurodollar bond (nominal value) matured on June 30, 2022.

16.1. *Non-current borrowings*

The table below summarizes the Group's non-current borrowings as of June 30, 2022.

€ millions	June 30, 2022	December 31, 2021	Face value	Currency	Nominal interest rate	Issue date dd/mm/yyyy	Maturity dd/mm/yyy
Eurobond [(a)]	986	986	1,000	EUR	0.75%	27/11/2019	27/11/2031
Eurobond [(b)]	1,243	1,242	1,250	EUR	0.50%	05/06/2020	05/06/2028
Eurobond [(a)]	1,488	1,487	1,500	EUR	0.38%	27/11/2019	27/11/2027
US private placement	92	83	100	USD	2.65%	05/01/2017	05/01/2027
Eurobond [(b)]	1,245	1,244	1,250	EUR	0.38%	05/06/2020	05/01/2026
Eurobond [(a)]	1,492	1,491	1,500	EUR	0.13%	27/11/2019	27/05/2025
Eurobond	309	322	300	EUR	2.375%	09/04/2014	09/04/2024
Eurobond	498	499	500	EUR	2.625%	10/02/2014	10/02/2024
Eurobond [(b)]	499	499	500	EUR	0.25%	05/06/2020	05/01/2024
US private placement	29	27	30	USD	3.40%	05/11/2013	04/11/2023
Eurobond [(a)]	—	999	1,000	EUR	0.00%	27/11/2019	27/05/2023
Other	43	34					
NON-CURRENT BORROWINGS	**7,925**	**8,913**					

(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.

As of June 30, 2022, non-current borrowings decreased by €988 million compared to December 31, 2021, mainly due to the reclassification from non-current to current borrowings of the EUR1,000 million Eurobond (face value) now due within 12 months from the reporting date.

The Group's debt agreements contain certain financial covenants (for more details see Note 19 – Financial instruments and management of market risks). As of June 30, 2022, the Company was in compliance with these financial covenants.

16.2. *Current borrowings*

As of June 30, 2022, the Group's short-term funding structure was as follows:

€ millions	June 30, 2022	December 31, 2021	Face value	Currency	Nominal interest rate	Issue date dd/mm/yyyy	Maturity dd/mm/yyyy
Eurobond [(a)]	999	—	1,000	EUR	0.00%	27/11/2019	27/05/2023
Eurodollar bond	—	266	300	USD	2.50%	30/06/2017	30/06/2022
US private placement	—	177	200	USD	2.05%	05/01/2017	05/01/2022
Commercial paper (EUR)	535	416					
Commercial paper (USD)	1,417	—					
Other [(a)]	125	178					
CURRENT BORROWINGS	**3,077**	**1,036**					

(a) Changes compared to December 31, 2021 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, 2022.

The other current borrowings correspond to short-term bank borrowings, overdraft and accrued interest, and amount to €125 million as of June 30, 2022 (€178 million as of December 31, 2021).

The main changes in the Group's current borrowings correspond to the reclassification from non-current to current borrowings of the EUR1,000 million Eurobond (face value) now due within 12 months from the reporting date, the repayment of a USD200 million US private placement (nominal value) matured on January 5, 2022, the repayment of a USD300 million Eurodollar bond (nominal value) matured on June 30, 2022 and the issuance of various Commercial Paper under the NEU CP and USCP programs of the Group.

16.3. Lease liabilities

The table below provides the maturity of the Group's lease liabilities as of June 30, 2022.

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
LEASE LIABILITIES	861	663	490	347	250	574	**3,185**

16.4. Net debt

The table below summarizes the Group's Net debt as of June 30, 2022 and December 31, 2021.

€ millions	June 30, 2022	December 31, 2021
Non-current borrowings	7,925	8,913
Current borrowings	3,077	1,036
TOTAL LIABILITIES	**11,001**	**9,950**
Short-term investments [(a)]	(13)	—
Cash and cash equivalents	(3,745)	(3,293)
TOTAL ASSET	**(3,758)**	**(3,293)**
Interest Rate Swap measured at fair value	(4)	(21)
Foreign exchange derivatives at fair value	(10)	(4)
NET DEBT EXCLUDING LEASE LIABILITIES	**7,230**	**6,630**
Lease liabilities (current and non-current)	3,185	3,068
NET DEBT	**10,415**	**9,698**

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

Note 17 Provisions (current and non-current)

The balances as of June 30, 2022 and December 31, 2021 are detailed below:

€ millions	June 30, 2022	Restated [(a)] December 31, 2021
Warranty and returns	126	134
Litigations	230	248
Self-insurance	30	27
Restructuring and other	217	206
TOTAL PROVISIONS	**604**	**616**
of which current provisions	*320*	*373*
of which non-current provisions	*284*	*243*

(a) Restated to reflect the finalization of the PPA related to the GV Acquisition, as described in Note 2 – Business combinations.

The changes in provision for the six-month period ended June 30, 2022 are as follows:

€ millions	Warranty and returns	Litigations	Self-insurance	Restructuring and other	Total
BALANCE AS OF JANUARY 1, 2022	**134**	**248**	**27**	**206**	**616**
Provisions for the period	24	2	6	64	96
Utilization and releases	(36)	(29)	(9)	(55)	(129)
Translation differences	5	10	2	2	20
Business combinations	1	(0)	—	0	2
Other movements	(3)	(0)	3	(0)	0
TOTAL CHANGES	**(8)**	**(17)**	**2**	**11**	**(12)**
BALANCE AS OF JUNE 30, 2022	**126**	**230**	**30**	**217**	**604**
of which current provisions	*102*	*65*	*8*	*143*	*320*
of which non-current provisions	*24*	*165*	*21*	*74*	*284*

(a) The balance as of January 1, 2022 reflects the finalization of the PPA related to the GV Acquisition, as described in Note 2 – Business combinations.

Provisions (current and non-current) decreased by €12 million in the period. The accrual of the period, €96 million, was counterbalanced by utilization and releases for about €129 million and other movements for approximately €21 million (including foreign currency translation effects).

The utilization of the first semester of 2022 includes approximately USD24 million paid to the US Department of Justice following the settlement reached in the period (see Note 20 – Contingencies and commitments, paragraph 20.2 *Litigation and contingent liabilities*).

Note 18 Other current and non-current liabilities

Other current and non-current liabilities as of June 30, 2022 and December 31, 2021 are detailed below:

€ millions	June 30, 2022	December 31, 2021
Liabilities related to long-term put options over non-controlling interests	21	64
Trade payables and liabilities related to long-term financial investments	32	30
Derivative financial instruments	—	1
Other	48	48
OTHER NON-CURRENT LIABILITIES	**101**	**143**
Liabilities related to short-term put options over non-controlling	503	450
Liabilities related to short-term financial investments	26	8
Personnel expenses, social contribution, VAT and other indirect tax payables	1,360	1,514
Premium and discount	365	462
Payables with extended payment terms	420	328
Derivative financial instruments	13	16
Other	885	878
OTHER CURRENT LIABILITIES	**3,572**	**3,655**

Some subsidiaries of the Group have worked with their suppliers to revisit terms and conditions of supply, including payment terms. This activity, which started in 2020, allowed them to extend agreed payment terms with some suppliers beyond the terms usually applied by the Group. In addition, financial institutions offered a voluntary supply chain finance ("SCF") program which enabled 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.

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

As of June 30, 2022, the amounts due to suppliers that agreed to the extended payment terms described above and that elected to participate in the SCF program is included in *Other current liabilities* (line *Payables with extended payment terms* in the table above) for €420 million (€328 million as of December 31, 2021), notwithstanding those payables have a similar nature and function to trade payables, being related to the Group's normal operating cycle.

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).

Note 19 Financial instruments and management of market risks

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

€ millions	Notes	Total June 30, 2022	Financial assets/(liabilities) at fair value through profit or loss	Equity investments at fair value through other comprehensive income	Financial assets/(liabilities) at amortized cost	Other financial liabilities	Derivatives documented in hedging relationships
Other non-current financial assets *(excluding derivatives)*	12	204	2	48	153	—	—
Finance lease receivables *(current and non-current)*	12	76	—	—	76	—	—
Trade receivables	19.2.2	2,876	—	—	2,876	—	—
Other current financial assets *(excluding derivatives)*	12	13	13	—	0	—	—
Derivative financial instruments	12	77	65	—	—	—	12
Cash and cash equivalents	13	3,745	1,710	—	2,035	—	—
FINANCIAL INSTRUMENTS RECOGNIZED IN ASSETS		**6,991**	**1,790**	**48**	**5,141**	**—**	**12**
Non-current borrowings	16	7,925	—	—	7,925	—	—
Other non-current financial liabilities *(excluding derivatives)* (a)	18	70	8	—	41	21	—
Current borrowings	16	3,077	—	—	3,077	—	—
Trade payables		2,420	—	—	2,420	—	—
Other current financial liabilities *(excluding derivatives)* (b)	18	529	26	—	2	502	—
Derivative financial instruments	18	13	11	—	—	—	2
FINANCIAL INSTRUMENTS RECOGNIZED IN LIABILITIES		**14,033**	**44**	**—**	**13,465**	**522**	**2**

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

The carrying value of assets and liabilities recorded at amortized cost is close to its fair value, except for long-term borrowings for which fair value is €7,698 million (€9,109 million as of December 31, 2021).

19.2. Counterparty risk

19.2.1. Credit risk related to financial counterparties

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

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

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

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

19.2.2. Credit risk related to commercial counterparties

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

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

As of June 30, 2022, non-provisioned past due trade receivables amount to €350 million (€322 million at the end of 2021).

€ millions	**June 30, 2022**	**December 31, 2021**
Trade receivables due within one year (a)	2,818	2,355
Trade receivables beyond one year (b)	58	54
of which:		
trade receivables not yet due	*2,526*	*2,087*
past due trade receivables	*350*	*322*

(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.

19.3. *Liquidity risk*

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

As of June 30, 2022, 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, 2022, the Group had €2,265 million of committed credit facilities with leading banks. Drawing down these lines is not subject to any covenant. As of June 30, 2022, 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 13, 2021
Standard & Poor's	A	A-1	Stable	April 14, 2022

The distribution of the Group's Net debt (excluding lease liabilities) and available credit facilities by contractual maturity at the end of the first semester of 2022 was as follows:

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
Bonds	999	1,306	1,492	1,245	—	3,717	8,760
Commercial Paper	1,952	—	—	—	—	—	1,952
Bank loans	70	5	19	3	1	1	99
Private Placement	0	29	—	—	92	—	121
Overdraft	15	—	—	—	—	—	15
Others debt	40	14	—	—	—	—	54
GROSS DEBT	**3,077**	**1,354**	**1,511**	**1,248**	**93**	**3,718**	**11,001**
Short-term investments	(13)	—	—	—	—	—	(13)
Cash & cash equivalents	(3,745)	—	—	—	—	—	(3,745)
Foreign exchange derivatives at fair value							(10)
Interest Rate Swap measured at fair value							(4)
NET DEBT (EXCLUDING LEASE LIABILITIES)	**(681)**	**1,354**	**1,511**	**1,248**	**93**	**3,718**	**7,230**
Available committed syndicated credit facilities	—	—	—	1,750	—	—	1,750
Available committed bilateral bank facilities	150	265	100	—	—	—	515
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 of 2022 was as follows:

€ millions	1Y	2Y	3Y	4Y	5Y	>5Y	Total
Bonds	1,000	1,300	1,500	1,250	—	3,750	8,800
Commercial Paper	1,952	—	—	—	—	—	1,952
Bank loans	70	5	19	3	1	1	99
Private Placement	—	29	—	—	92	—	121
Overdraft	15	—	—	—	—	—	15
Others debt	40	14	0	—	0	—	54
NOMINAL GROSS DEBT	**3,078**	**1,348**	**1,519**	**1,253**	**93**	**3,751**	**11,042**

19.3.1. Negative pledges and financial covenants

Some of the financing agreements of the Group (see Note 16 – 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, 2022, the Group is fully in compliance with these covenants.

Note 20 Contingencies and commitments

20.1. Commitments

Commitments are disclosed in Note 30 – Contingencies and commitments to the 2021 consolidated financial statements.

There were no material changes in the amount or nature of these commitments between December 31, 2021 and June 30, 2022.

20.2. Litigation and contingent liabilities

20.2.1. Fraud at Essilor Manufacturing Thailand Co.

During the second half of 2019, very significant fraudulent financial activities occurred at Essilor Manufacturing Thailand Co. (EMTC). The impact recorded in the 2019 consolidated profit and loss amounted to €185 million before insurance, pending litigation and anticipated recovery. Many civil and criminal actions have been taken in Thailand and in many other jurisdictions in order to maximize the recovery of misappropriate funds. The overall recovery amounted to €90 million as of the date of the approval of these condensed consolidated interim financial statements (approximately €24 million were recovered in 2020 and approximately €62 million were recovered in 2021).

20.2.2. 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. The proceedings are ongoing, with the Authority having notified its statement of objections on January 5, 2021 and a *Rapport* on July 27, 2021 alleging certain anti-competitive practices and EssilorLuxottica defending its rights. The final oral hearing took place on December 9, 2021 and EssilorLuxottica is waiting for the decision to be issued. EssilorLuxottica believes that it has very serious arguments to challenge the unfounded allegations of the Authority. The evaluation of the risk profile for the Group may be updated, as necessary, based on the decision that the French Competition Authority will issue and the availability of further appeal proceedings, if applicable.

Luxottica

In 2015, the French Competition Authority's investigative department issued a statement of objections ("First SoO") against Luxottica, its subsidiary Alain Mikli and other competitors alleging certain anti-competitive practices. Following long proceedings, the French Competition Authority issued, on April 19, 2019, a new statement of objection ("Second SoO") as a supplement to the First SoO, and, on March 2, 2020, a *Rapport.*

The final oral hearing took place on January 13, 2021.

On July 22, 2021, the French Competition Authority issued a decision against several eyewear industry players, including Luxottica. The Authority imposes to Luxottica a €125 million sanction for the Group's conduct which took place between 2005 and 2014 in the optical frames and sunglasses sector in France.

EssilorLuxottica firmly believes it has always conducted business according to the highest standard of compliance, always supporting customers, partners as well as the entire market. As such, the Company strongly disagrees with the French Competition Authority's decision and considers the sanction groundless.

On September 10, 2021, EssilorLuxottica appealed the decision, confident that it will successfully demonstrate that the decision is wrong both from a factual and a legal perspective. Accordingly, management (assisted by its legal advisors) continue to consider the risk of a final negative outcome as not probable.

On December 14, 2021, €125 million were 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 (see Note 12 – Other current and non-current assets).

Investigations

In 2016, the US Department of Justice and the Insurance Commission of the State of California questioned Essilor of America with regard to certain promotional activities.

During the first semester of 2022, Essilor of America and the US Department of Justice reached a settlement pursuant to which Essilor of America paid an overall amount of approximately USD24 million to the US Authorities and entered into a Corporate Integrity Agreement (see Note 17 – Provision (current and non-current).

The case with the Insurance Commission of the State of California is still pending in court.

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

20.2.3.Class actions

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

20.2.4.Tax disputes

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

20.2.5.Other existing proceedings

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

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

Note 21 Related party transactions

Main related parties are:

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

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

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

A summary of related party transactions carried out during the six-month period ended June 30, 2022 is provided below.

€ millions	Consolidated statement of profit or loss First semester 2022		Balance outstanding as of June 30, 2022	
	Revenue	Costs	Assets	Liabilities
Mazzucchelli 1849 S.p.A. (a)	0	(12)	—	8
Triapex s.r.o. (a)	—	(2)	—	3
Visionweb (a) (b)	0	(1)	—	—
Gateway Professional Network (a)	0	(2)	0	0
Others	0	—	0	—
TOTAL	**1**	**(17)**	**0**	**11**

(a) Group's associates.
(b) Fully consolidated starting from the end of January 2022.

Note 22 Subsequent events

No significant events occurred between July 1, 2022 and July 28, 2022, the date of approval by EssilorLuxottica Board of Directors of these condensed consolidated interim financial statements.

Appendix 1

Exchange Rates

Per EUR 1		Closing rate		Average rate	
		June 30, 2022	December 31, 2021	First semester 2022	First semester 2021
AUD	Australian Dollar	1.5099	1.5615	1.5204	1.5626
BRL	Brazilian Real	5.4229	6.3101	5.5565	6.4902
CAD	Canadian Dollar	1.3425	1.4393	1.3900	1.5030
CNY	Chinese Yuan	6.9624	7.1947	7.0823	7.7960
GBP	British Pound	0.8582	0.8403	0.8424	0.8680
HKD	Hong Kong Dollar	8.1493	8.8333	8.5559	9.3551
JPY	Japanese Yen	141.5400	130.3800	134.3071	129.8681
INR	Indian Rupee	82.1130	84.2292	83.3179	88.4126
MXN	Mexican Peso	20.9641	23.1438	22.1653	24.3270
USD	US Dollar	1.0387	1.1326	1.0934	1.2053

Statutory auditors' review report on the interim financial information

For the period from January 1, 2022 to June 30, 2022

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, 2022 to June 30, 2022,
- 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 29, 2022

The Statutory Auditors

French original signed by

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

Unaudited Pro Forma Consolidated Interim Financial Information

Introduction

The Unaudited *Pro Forma* Consolidated Interim Financial Information of EssilorLuxottica (also referred as the "**Group**") includes the unaudited *pro forma* consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 with the related explanatory notes (together the "**Unaudited *Pro Forma* Consolidated Interim Financial Information**"). It has been prepared to represent the *pro forma* effects of the combination between EssilorLuxottica and GrandVision (the "**GV Combination**"), which occurred on July 1, 2021 as a result of the acquisition by EssilorLuxottica of approximately 76.72% of the issued ordinary shares of GrandVision (the "**Initial Acquisition**"). The Initial Acquisition was followed by the acquisition of an additional 9.96% of the issued ordinary shares of GrandVision in the month of September 2021 (the "**Subsequent Acquisitions**") and a subsequent mandatory public offer on all the remaining issued and outstanding GrandVision shares (launched on October 8, 2021) aimed to acquire 100% of GrandVision's share capital (the "**Offer**").

The Unaudited *Pro Forma* Consolidated Interim Financial Information has been produced for illustrative purposes only, assuming that the GV Combination had occurred on January 1, 2021.

The *pro forma* adjustments related to the Unaudited *Pro Forma* Consolidated Interim Financial Information are limited to those that are (i) directly attributable to the GV Combination, and (ii) factually supportable.

The unaudited *pro forma* consolidated interim statement of profit or loss does not include the following items:

- any restructuring and integration costs that may be additionally incurred as a result of the GV Combination,

- any synergies, operating efficiencies and cost savings that may result from the GV Combination.

In addition, unaudited adjusted *pro forma* consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 is disclosed in Note 4 to the Unaudited *Pro Forma* Consolidated Interim Financial Information. It is intended to (i) reverse the impact of the combination of Essilor and Luxottica (the "EL Combination") and the GV Combination as well as other 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 and (ii) present, on a *pro forma* basis, the adjusted indicators regularly produced by EssilorLuxottica for the purpose of its financial communication. These adjustments are described in Note 4 to the Unaudited *Pro Forma* Consolidated Interim Financial Information.

In the consolidated financial statements of the Group for the year ended December 31, 2021, the Initial Acquisition of the controlling stake in GrandVision, the Subsequent Acquisitions and the Offer have been considered as a single transaction (so called *linked transaction*); therefore, they have been accounted for as if all ownership interests in GrandVision were acquired at the acquisition date as part of the transaction to gain control. This Unaudited *Pro Forma* Consolidated Interim Financial Information reflects the same accounting treatment.

Because of its nature, the Unaudited *Pro Forma* Consolidated Interim Financial Information addresses a hypothetical situation and is neither intended to represent or to be indicative of the result of operations that EssilorLuxottica would have achieved had the GV Combination occurred as of January 1, 2021, nor is the Unaudited *Pro Forma* Consolidated Interim Financial Information indicative of the future operating results of the Group. The Unaudited *Pro Forma* Consolidated Interim Financial Information is based upon certain assumptions that EssilorLuxottica believes reasonable at the date of this Document.

The Unaudited *Pro Forma* Consolidated Interim Financial Information is derived from:

- EssilorLuxottica's consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 (the "**EL H1-2021 P&L**"), as disclosed in EssilorLuxottica's condensed consolidated interim financial statements as of and for the period ended June 30, 2021 prepared in accordance with IFRS as endorsed by the European Union and more specifically in accordance with IAS 34 *Interim Financial Reporting* (the "**EssilorLuxottica H1-2021 FS**"). On July 30, 2021 PricewaterhouseCoopers Audit and Mazars issued a review report on EssilorLuxottica H1-2021 FS, which does not include any qualification; and

- GrandVision's historical consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 (the "**GV H1-2021 P&L**"), as disclosed in GrandVision's condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2021 prepared in accordance with IFRS Standards as endorsed by the European Union and more specifically in accordance with IAS 34 *Interim financial reporting* (the "**GrandVision Interim FS**"). On August 13, 2021, PricewaterhouseCoopers Accountants N.V. issued a review report on GrandVision Interim FS, which does not include any qualification.

The Unaudited *Pro Forma* Consolidated Interim Financial Information is prepared on a basis that is consistent with the accounting policies used in the preparation of EssilorLuxottica H1-2021 FS.

Furthermore, the Unaudited *Pro Forma* Consolidated Interim Financial Information for the six-month period ended June 30, 2021 has not been restated to reflect the half year effect of business combinations, other than the GV Combination, finalized by EssilorLuxottica or GrandVision during the course of the first semester of 2021, as they are not significant.

The Unaudited *Pro Forma* Consolidated Interim Financial Information is presented in millions of Euro. As table totals are based on unrounded figures, there may be discrepancies between these totals and the sum of their rounded component.

Regulatory framework

The Unaudited *Pro Forma* Consolidated Interim Financial Information for the six-month period ended June 30, 2021 has been prepared on a voluntary basis. Nevertheless, it has been prepared in accordance with Annex 20 "Pro forma information" of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and the Position-Recommendation DOC-2021-02 issued by the AMF.

Unaudited *pro forma* consolidated interim statement of profit or loss

€ millions	EL H1-2021 P&L	GV H1-2021 P&L	*PPA adjustments first semester 2021*	*Eliminations and other adjustments*		EssilorLuxottica *pro forma* information
	Note 1	**Note 1**	**Note 2**	**Note 3**		
Revenue	8,768	1,891	-	(206)	(a), (b)	10,453
Cost of sales	(3,423)	(529)	(36)	161	(a), (b)	(3,826)
Gross profit	**5,345**	**1,363**	**(36)**	**(45)**		**6,627**
% of revenue	*61.0%*					*63.4%*
Research and development	(290)	-	-	-		(290)
Selling	(2,210)	(889)	(101)	31	(b)	(3,168)
Royalties	(87)	-	-	0	(b)	(87)
Advertising and marketing	(677)	(120)	-	2	(b)	(795)
General and administrative	(859)	(160)	-	6	(b)	(1,013)
Other income/(expenses)	48	95	-	(95)	(c)	48
Total operating expenses	**(4,074)**	**(1,074)**	**(101)**	**(56)**		**(5,304)**
Operating profit	**1,271**	**289**	**(136)**	**(101)**		**1,323**
% of revenue	*14.5%*					*12.7%*
Cost of net debt	(58)	(16)	-	0	(b)	(74)
Other financial income/(expenses)	(0)	(1)	-	0	(b)	(1)
Share of profits of associates	2	3	-	(3)	(b)	2
Profit before taxes	**1,214**	**274**	**(136)**	**(103)**		**1,249**
% of revenue	*13.9%*					*11.9%*
Income taxes	(302)	(43)	35	1	(b)	(310)
Effective tax rate	*24.9%*					*24.8%*
Net profit	**912**	**231**	**(102)**	**(102)**		**939**
Net profit attributable to owners of the parent	**854**	**215**	**(98)**	**(102)**		**868**

See accompanying notes to the Unaudited *Pro Forma* Consolidated Interim Financial Information.

Notes to the Unaudited *Pro Forma* Consolidated Interim Financial Information

Note 1 – EL H1-2021 P&L and GV H1-2021 P&L

These columns include: (i) EssilorLuxottica's consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 (**EL H1-2021 P&L**), as disclosed in EssilorLuxottica H1-2021 FS as of and for the six-month period ended June 30, 2021, and (ii) GrandVision's historical consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 (**GV H1-2021 P&L**), derived from GrandVision Interim FS as of and for the six-month period ended June 30, 2021. Both statements of profit or loss are consistent with the presentation applied in EssilorLuxottica H1-2021 FS.

Note 2 – Purchase price allocation adjustments

The GV Combination is accounted for using the acquisition method of accounting in accordance with IFRS 3 – *Business Combinations*.

The consideration transferred has been allocated to GrandVision's assets acquired and liabilities assumed as of July 1, 2021 based upon their fair values at that date ("purchase price allocation"). The accounting for the GV Combination has been finalized and disclosed in EssilorLuxottica condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2022.

The adjustments related to the purchase price allocation ("PPA adjustments") correspond to the incremental profit or loss impacts (for the six-month period from January 1, 2021 to June 30, 2021) resulting from the measurement of GrandVision's assets acquired and liabilities assumed at their fair value at the date of the Initial Acquisition (July 1, 2021).

For the purpose of the unaudited *pro forma* consolidated interim statement of profit or loss for the six-month period ended June 30, 2021, the PPA adjustments related to the fair value step-up on assets acquired consisted in:

- adding the six-month period (from January 1, 2021 to June 30, 2021) amortization related to the fair value of new intangible assets recognised as a result of the GV Combination (trade names, customer relationships and franchising network) after eliminating the six-month period amortization impacts relating to historical intangible assets (trade names and customer relationships) recognised in GV H1-2021 P&L; and
- adding the six-month period (from January 1, 2021 to June 30, 2021) impact related to the use of the inventories subject to a fair-value step-up.

The purchase price allocation reflects the output from the valuation work performed by EssilorLuxottica with the support of an independent valuation expert. Fair values have been determined as of July 1, 2021 and have been used, as they stand, for the purpose of the Unaudited *Pro Forma* Consolidated Interim Financial Information.

The following is a description of each significant fair value step-up on assets acquired.

€ millions	**Values**	*Estimated w. average useful life (years)*	*12-month amortization*	***6-month amortization reflected in pro forma***
New customer relationships	1,001	9.4	(122)	(61)
New trade names	1,542	24.5	(64)	(32)
New franchising network	329	9.0	(38)	(19)
New intangibles assets recognized	**2,872**	**17.5**	**(224)**	**(112)**
(Historical carrying value of replaced intangible assets)	(156)		22	11
Fair value step-up on intangible assets	**2,716**		**(202)**	**(101)**
Fair value step-up on inventories	**36**		**(36)**	**(36)**

The €101 million reported as PPA adjustments in *Selling* represent the six-month amortization related to the fair value of customer relationships, trade names and franchising network taking into account their estimated weighted average useful life, after the cancellation of the historical amortization of customer relationships and trade names recognised in GV H1-2021 P&L.

The €36 million reported as PPA adjustments in *Cost of sales* represent the impact related to the use of the inventories subject to a fair-value step-up. For the purpose of the unaudited *pro forma* consolidated interim statement of profit or loss, it is assumed that all inventories owned by GrandVision at the acquisition date and subject to a fair-value step-up are sold over a six-month period. These costs will not have a recurring impact on the results of the Group.

The related tax effects have also been reported as PPA adjustments. Those effects have been calculated based on the prevailing tax rate of each entity/area where fair value step-up on assets have been recognised.

Note 3 – Eliminations and other adjustments

(a) Reflects the elimination of the intercompany transactions between EssilorLuxottica and GrandVision for the six-month period ended June 30, 2021.

(b) Represents the elimination of the contribution of the businesses disposed according to the remedies agreed with antitrust authorities in the context of the GV Combination. In the first semester of 2021, the proposed acquisition of GrandVision by EssilorLuxottica was cleared by the European Commission and the Chilean market regulator under the conditions described below.

- On March 23, 2021, the European Commission granted its final approval subject to the divestment of optical retail businesses in Belgium (35 stores from the “GrandOptical” chain, without the banner), the Netherlands (142 stores from the “EyeWish” chain, including the banner) and Italy (174 stores from the “VistaSì” chain, including the banner, and the "GrandVision by" chain, without the banner); in December 2021, EssilorLuxottica and GrandVision entered into two agreements for the divestment of these businesses; both transactions were completed in the course of the first semester of 2022.
- On April 9, 2021, the Chilean market regulator FNE (Fiscalía Nacional Económica) cleared the proposed acquisition following the commitment to divest GrandVision’s Chilean operations under the banner Rotter Y Krauss. GrandVision divested its Chilean operations on July 1, 2021, prior to the Initial Acquisition.

(c) Represents the elimination of the gain, recognized in GrandVision Interim FS, related to remeasurement to the provisional fair value of the European business to be disposed by GrandVision as agreed with the European Commission in the context of the GV Combination (see Note 3(b) above). As from April 1, 2021, the European business to be disposed were excluded from full consolidation and accounted for as investments in associates. In GV H1-2021 P&L, GrandVision recognized a fair value up-lift on the carrying amount of those investments of approximately €95 million which is eliminated for the purpose of *pro forma* information.

Note 4 – Unaudited adjusted *pro forma* consolidated interim statements of profit or loss for the six-month period ended June 30, 2021

The unaudited adjusted *pro forma* consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 is intended to (i) offset the impact of the EL Combination, the GV Combination and other 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 and (ii) present, on a *pro forma* basis, the adjusted indicators regularly produced by EssilorLuxottica for the purpose of its financial communication. These adjustments are limited in numbers, well-identified and significant at the level of the EssilorLuxottica's consolidated performance.

€ millions	EssilorLuxottica *pro forma* information	Adjustments related to PPA impact	Other non-GAAP adjustments	EssilorLuxottica *pro forma* adjusted information
Revenue	10,453	-	-	10,453
Cost of sales	(3,826)	37	37	(3,752)
Gross profit	**6,627**	**37**	**37**	**6,701**
% of revenue	*63.4%*			*64.1%*
Research and development	(290)	128	0	(162)
Selling	(3,168)	247	6	(2,916)
Royalties	(87)	-	-	(87)
Advertising and marketing	(795)	45	1	(750)
General and administrative	(1,013)	7	39	(967)
Other income/(expenses)	48	-	(55)	(6)
Total operating expenses	**(5,304)**	**427**	**(9)**	**(4,887)**
Operating profit	**1,323**	**464**	**28**	**1,814**
% of revenue	*12.7%*			*17.4%*
Cost of net debt	(74)	(1)	-	(75)
Other financial income/(expenses)	(1)	-	-	(1)
Share of profits of associates	2	-	-	2
Profit before taxes	**1,249**	**462**	**28**	**1,739**
% of revenue	*11.9%*			*16.6%*
Income taxes	(310)	(94)	(25)	(429)
Effective tax rate	*24.8%*			*24.7%*
Net profit	**939**	**368**	**2**	**1,310**
Net profit attributable to owners of the parent	**868**	**360**	**2**	**1,230**

The adjustments include:

- **Adjustments related to PPA impact**: the impact of the purchase price allocation related to the EL Combination for the six-month period ended June 30, 2021 as well as the impact of the purchase price allocation related to the GV Combination for the six-month period ended June 30, 2021 (as disclosed in Notes 2). Those adjustments include the six- month impacts of (i) the use of the inventories owned by GrandVision subject to a fair-value step-up (for approximately €36 million), (ii) the incremental amortizations of intangible assets recognised as a result of the EL Combination and the GV Combination compared to existing intangible assets, (iii) the depreciation of PP&E fair value step-up recognized in the context of the EL Combination, (iv) the cost of net debt impact related to the fair value step-up of the financial liabilities, also recognized in the context of the EL Combination, and (v) related tax effects. Those effects are eliminated through the adjusted indicators that EssilorLuxottica regularly presents.

- **Other non-GAAP adjustments**, as described below.

The main other non-GAAP adjustments reflected into the unaudited adjusted *pro forma* consolidated interim statement of profit or loss for the six-month period ended June 30, 2021 are related to the following transactions.

(i) Non-recurring *Cost of sales* for €37 million of which (i) €35 million mainly related to restructuring and reorganization projects aiming at rationalizing the lenses laboratories footprint and the distribution network to increase the Group's operational and organizational efficiency, and (ii) €2 million corresponding to the expenses related to share-based plans granted in the context of the EL Combination to employees working for operations activities (Luxottica's restricted shares plan (LTI), vested in March 2021, and other Essilor's plans).

(ii) Non-recurring *Selling* expenses for €6 million associated with restructuring projects in EMEA as well as with the selling costs related to the rationalization of the distribution activities in France, partially compensated by a non-recurring income of €5 million.

(iii) Non-recurring General and administrative expenses for €39 million associated with the following impacts:

   a. severances for approximately €11 million, mainly related to key management personnel;
   b. a positive effect of €18 million resulting from: (i) the release of a contingent liability (recognised in the context of the EL Combination) related to a litigation involving a subsidiary of the Group, and (ii) the release of GrandVision's provision related to the favorable outcome of the proceedings initiated by the French Competition Authority for €10 million;
   c. expenses related to share-based payments for about €5 million linked to share-based plans granted in the context of the EL Combination (Luxottica's restricted shares plan (LTI) vested in March 2021 and other Essilor's plans);
   d. non-recurring expenses related to M&A projects for €30 million mainly linked to the transaction costs incurred in connection with the acquisition of GrandVision; and
   e. other one-off costs incurred by the Group of which (i) approximately €2 million of external consulting fees linked to the fraudulent financial activities discovered at the end of 2019 at an Essilor's plant in Thailand (the "EMTC fraud") for the recovery work streams, (ii) approximately €4 million as net negative impact related to significant claims and litigations and (iii) approximately €5 million of other one one-off costs linked to integration streams.

(iv) Other income/(expenses) are adjusted for a net positive effect of €55 million mainly associated with:

   a. the positive effect recorded following the recovery, in the first months of 2021, of misappropriated funds from the EMTC fraud for approximately €62 million; and
   b. a negative effect of approximately €7 million resulting from the valuation of the business to be disposed according to the remedies agreed with the European Commission in the context of the acquisition of GrandVision.

(v) Income taxes are adjusted for an amount of €(25) million corresponding mainly to the tax effects of the above-mentioned adjustments and a non-recurring tax benefit of approximately €16 million related to the asset revaluation (for tax purposes only) performed by one Italian subsidiary of the Group.

Statement by the Person Responsible for the 2022 Interim Financial Report

I declare that, to the best of my knowledge, (i) the condensed consolidated financial statements for the first six months of 2022 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 29, 2022

Francesco Milleri
Chairman and Chief Executive Officer